U.S. News
World Report

JUNE 10, 1955 20 CENTS

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EXCLUSIVE

Russia's New Strategy For War

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Keeping America on the GO... with **TIMKEN** *Tapered Roller Bearings*

Now 1 3/3 miles 1/3 mile of "Roller Freight" cars to speed Western Maryland shipments

EVER notice that most freight cars have boxes with hinged lids on the ends of every axle? They're what railroad men call journal boxes, and they contain oil-soaked packing to lubricate the turning axles. Well, you won't find boxes like that on these Western Maryland freight cars. The axles of these cars roll smoothly on Timken® tapered roller bearings instead of sliding on old-style friction bearings.

That's the difference between ordinary freight cars and "Roller Freight". Shipments that go "Roller Freight" ride just as smoothly and swiftly as a passenger in a crack streamliner.

We ran the original version of this advertisement last year when Western Maryland put the above 50 roller-bearing-equipped hopper cars in operation. Since then, they have added 50 seventy-ton covered hoppers and 17 "piggyback" flat cars on Timken tapered roller bearings—and an additional 100 "Roller Freight" cars are now on order.

"Roller Freight" cars speed deliveries for Western Maryland shippers by eliminating the number-one cause of freight train delays, the hot box problem. Unlike cars with friction bearings, "Roller Freight" cars provide delay-free dependability that gets shipments where they're going—on time.

Much as "Roller Freight" means to shippers, it can mean still more to the railroads. When they put roller bearings on all freight cars, they'll save on lubrication, labor, inspection, and repairs. An estimated $190 million a year!

Timken bearings are designed and precision manufactured to have true rolling motion. To insure their quality, we use our own nickel-rich Timken alloy steel. We're the only bearing manufacturer in the country that makes its own steel. The railroads, like all industry, choose Timken bearings to keep America on the go. The Timken Roller Bearing Company, Canton 6, Ohio. Canadian plant: St. Thomas, Ontario. Cable address: "TIMROSCO".

This trainman is holding two Timken tapered roller bearings as they are mounted on the end of a freight car's axle to eliminate the hot box problem, cut operating and maintenance costs to a minimum.

Only **TIMKEN** *bearings roll so true, have such quality thru-&-thru*

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One fact stands out in any appraisal of the vast Utah, Idaho, Wyoming and Colorado area served by Utah Power & Light Company: No other area so well situated in relation to plant sites and growing markets has such a rich and diversified store of the raw materials needed by modern industry. Many of America's top industrial firms, after careful study of the potentialities, have set up operations here. This "treasure chest" area merits the study of any industry planning to compete on a favorable basis for the rewards of our growing economy.

- Every major basic raw chemical.
- 60% of U.S.A. phosphate reserves.
- One-third of nation's copper.
- Largest proved uranium reserves in the nation.
- Greatest concentration of non-ferrous metal mills, smelters, refineries in U.S.A.
- Largest steel mill west of Mississippi.
- 214 different minerals.
- Low-cost power, water, fuel.
- Intelligent and stable labor force.
- Sound diversified economy.
- Healthful climate with low humidity.
- A gateway to the rich, far west market where America is growing fastest.
- Plus . . . plenty of "elbow room."

Ask for copy of
"A Treasure Chest in the Growing West"

Detailed information is presented in this Area Resources Brochure. Write, wire or telephone for a copy. Inquiries held in strict confidence. Address: W. A. Huckins, Manager, Business Development Department, Dept. B, Utah Power & Light Co., Salt Lake City 10, Utah.

UTAH POWER & LIGHT CO.

A Growing Company in the Growing West

IN THIS ISSUE

★ Will Germany Make A "Deal" with Russia?

Is there a chance that West Germany will accept "neutrality" in exchange for unification of all Germany? That's the big question worrying defense planners today. Here is the answer, as given in an exclusive *U.S. News & World Report* interview with the man who will be West Germany's Foreign Minister. Starts on page 38.

★ What You Should Know as Polio "Shots" Resume

For answers to questions about polio vaccine, as put to top officials of the Public Health Service by members of Congress, see this transcript of actual testimony. Page 56.

★ Remember When Planners' Goal Was $2,500 a Year?

Back in the 1930s, Government planners aimed for an income of $2,500 for each U. S. family. Now, through free enterprise, incomes of $5,000 for nearly all are in sight. See page 26.

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NHW 25

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WORLD REPORT

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Goodyear Welt or Stitchdown Shoe? Would your banker know?

A GOODYEAR WELT and a stitchdown shoe would look pretty much alike to most of us. But the man you see here knows how and why they differ in construction and the comparative advantage of each.

After working with manufacturers for years and visiting their factories, this man can look at a pair of shoes with a bootmaker's practiced eye. No, he's not in the shoe business himself. He's a loaning officer from The First National Bank of Chicago!

You see, he's from Division G of our Commercial Banking Department—the Division that serves the important industries of tanning and shoe manufacturing. So he considers firsthand information and current knowledge of production techniques quite important in his job.

This kind of interest and knowledge is essential in making a commercial loan, we believe. We've found that it makes for a much easier and more profitable business relationship. That's why each of the 10 Divisions of our Commercial Department serves certain industries exclusively. That's why the officers of each Division are "industry-specialized" bankers who keep up with new developments in their particular fields.

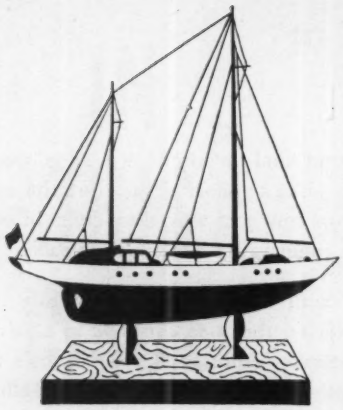
One of these Divisions specializes in *your* business. It is staffed by officers who know current trends and market conditions as they apply to you—bankers who speak your business language.

Why not find out what our Divisional Organization—the most complete setup of its kind—can do for you? Get in touch with The First today. A phone call or letter will do it.

The First National Bank of Chicago

Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



NO YACHT? SO WHAT?

You don't need one to enjoy the benefits of an Inland Marine Policy

Contrary to its name, Inland Marine insurance has little or nothing to do with the water. But it has everything to do with personal property and its complete protection against loss or damage—in one broad, all-risk blanket policy.

Inland Marine is one of the fastest-growing types of insurance in America today. This is understandable in view of the amount of worry of which it relieves an assured. Carefully "tailored" to your needs, an Inland Marine policy will cover your personal property, all your precious belongings, literally from A to Z—from an alpenstock to a zither—wherever the property may be. Household furniture, clothing, furs, china, glassware, linen, jewelry, books, sports and hobby equipment, luggage, objects of art, even money and securities—all these and much more can be protected.

The hazards? Practically any one you can name. Fire and lightning, windstorm, tornado, hail, explosion, earthquake, riot, burglary, theft, hold-up, flood, water, smoke, smudge, aircraft and vehicle damage—animal damage, spillage, ripping of garments, mysterious disappearance, and many other hazards.

The premium? Considering its broad coverage, the cost of the policy is far less than you'd expect.

Why not write us for the name of our representative nearest you? He'll be glad to discuss with you, without obligation, a dividend-paying PLM Inland Marine policy to fit your needs—to save you worry and money.

PLM

ORGANIZED 1895

Pennsylvania Lumbermens Mutual Insurance Company

Market Street National Bank Bldg., Philadelphia 7, Pa.

Writing FIRE and ALLIED LINES

"In the Birthplace of American Mutual Insurance"

The March of the News

VACCINE "RISK"

A LEADING BACTERIOLOGIST warned that "there is a calculated risk" associated with receiving shots of Salk antipolio vaccine. Dr. Howard J. Shaughnessy, chairman of a group of consultants who helped map out safety standards for the inoculation program, told newsmen the vaccine is "safe with quotation marks around the word safe."

Scientists do not yet know if there are any tests sensitive enough to detect live virus in minute quantities able to infect human beings, Dr. Shaughnessy explained. "All virus in the vaccine has been killed with quotation marks around the word killed," he added.

Meanwhile, a special report from the Public Health Service on June 3 showed that 125 cases of polio had been reported among the millions of children inoculated with Salk vaccine. Of these, 84 were paralytic cases. Among families of vaccinated children, 41 cases of polio were reported, and there were 10 cases among persons who had "some degree" of contact with a vaccinated child.

CLEANER POLITICS?

A PROPOSAL to help take corruption out of politics by persuading millions of Americans to make small campaign contributions was endorsed by leaders of both major political parties. The idea was advanced by Philip L. Graham, publisher of *The Washington Post and Times Herald.*

American politicians, Mr. Graham told a Chicago audience, now are forced to get their contributions from "gangsters, special-interest groups and favor seekers." If masses of people could be persuaded to contribute in the neighborhood of $5 per family, he said, citizens "can raise enough honest, untainted money to permit our politicians to run for office without becoming obligated to corrupt or selfish forces."

A QUICK PROFIT

A $2,381,000 BONANZA for cheese makers was explained to Congress by Department of Agriculture officials. Last year, the Department bought 86.6 million pounds of cheese for 37 cents a pound; immediately resold it to the same cheese makers for 34.25 cents. The cheese, meanwhile, never left the plants.

Back of the strange-sounding deal was a drop in dairy price supports from 90 per cent of parity to 75 per cent, last spring. The quick purchase and resale, officials explained, helped farmers adjust to a lower price support, and saved Government the cost of warehousing and handling the cheese.

ANOTHER RED GAIN?

THE SOVIET UNION NOW is turning out more scientists and technicians than the U. S., according to Allen W. Dulles, Director of the Central Intelligence Agency. While the U. S. is ahead of Russia in scientific manpower today, there is danger that the Soviets will pull ahead by 1960, he warned.

Generally speaking, Russia's top scientists are as good as the top men of the West, the intelligence chief said. "Military needs dominate their research program. We who are in intelligence work have learned by now that it is rarely safe to assume that the Soviets do not have the basic skill, both theoretical and technical, to do in these fields what we can do."

American intelligence experts have been surprised at times, Mr. Dulles said, by Russia's progress, especially in the aviation, electronics and nuclear fields.

EMERGENCY EXIT

CIVIL DEFENSE was taking over Washington in a big way. Postmaster General Arthur E. Summerfield announced that his Department had dispersed all of its vital records, and could keep right on delivering the mail despite any destruction in the nation's capital. President Eisenhower and 15,000 other Government workers were scheduled to move out of Washington to secret emergency centers during a three-day test in mid-June. And military officials planned to find out on June 15 how quickly the 29,000 occupants of the Pentagon can get out through its 18 exits.

RUSSO-JAPANESE TALKS

SUNNY SMILES, champagne and caviar were the order of the day as Soviet Ambassador Jacob A. Malik welcomed Japan's special envoy, Shunichi Matsumoto, to his sumptuous London mansion last week. The meeting signaled the start of negotiations for a World War II peace treaty between Russia and Japan.

The stakes were high. Mr. Malik aimed for an Austrian-type treaty, neutralizing Russia's old Far Eastern rival. Mr. Matsumoto pressed for return of the Kuriles and other Russian-occupied islands north of Japan.

Call-Collect Plan brings 31 orders in 29 days

Long Distance calls costing only $20 ring up sales of $1,537

Recently a distributor of doctor's supplies invited out-of-town customers to place their orders by Long Distance—collect.

During the first 29 days, 31 orders worth $1,537 were received by Long Distance. The cost of the calls: $20.

These figures are typical of the big value and small cost of the Call-Collect Plan. You can prove that it pays in *your* business by trying it—and keeping a record of results.

All you have to do to set up such a plan is to let your out-of-town customers know they can telephone their orders to you—collect. Your salesmen can tell them. You can write them a letter. Or you can use specially imprinted telephone stickers which we furnish you free.

A telephone company representative will gladly help you work out the details. Just call your Bell Telephone Business Office today.

BELL TELEPHONE SYSTEM

LONG DISTANCE RATES ARE LOW

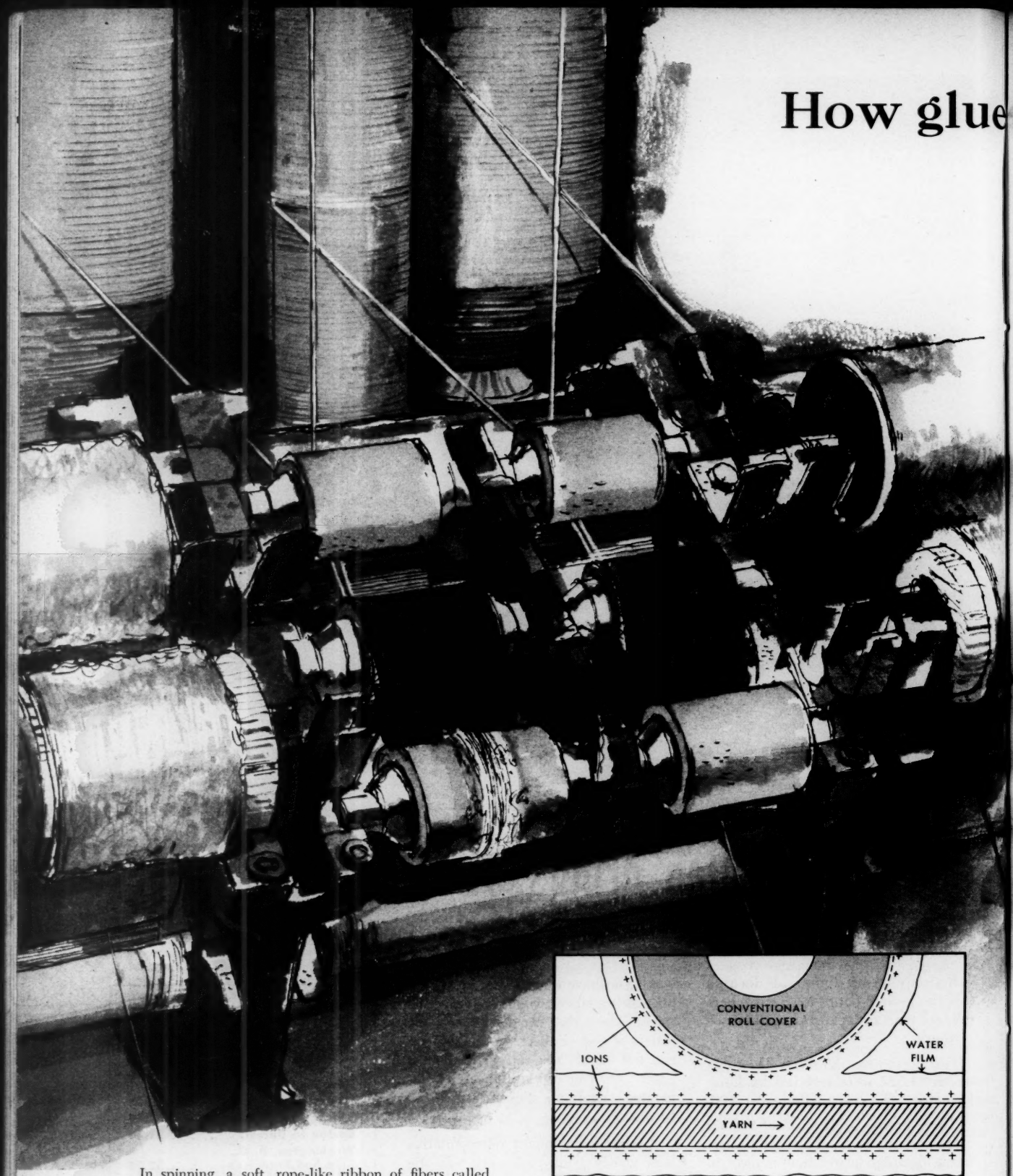
Here are some examples:

New York to Philadelphia	**50¢**
Cleveland to Indianapolis	**90¢**
Chicago to Pittsburgh	**$1.15**
Boston to Detroit	**$1.40**
Washington, D. C., to San Francisco	**$2.50**

These are the *daytime* Station-to-Station rates for the first three minutes. They do not include the 10% federal excise tax.

Call by Number. It's Twice as Fast.

How glue



In spinning, a soft, rope-like ribbon of fibers called "roving" is drawn out and twisted to make yarn. If yarn breaks, adhesive force of invisible water films on both yarn and front spinning roll may cause yarn end to "lap up" or wrap around the roll, as shown in center above. Lapped yarn must then be cut away. If adhesive force is destroyed, however, broken yarn will fall away from roll, making it easier to "piece up" the end.

Two layers of ions (electrically charged particles) form in the microscopic films of water on both yarn and spinning roll cover. (Moisture film and yarn greatly enlarged in drawing.) This ion arrangement creates an adhesive force (electro-kinetic potential) that bonds water films tightly to surfaces of roll cover and yarn.

ue keeps water from becoming "sticky"

Unique electrolyte gets rid of surface attraction on yarn spinning rolls; may lead to improved drive and feed rolls for other industries

You can't see it, you can't feel it; but covering practically everything exposed to humid air is a microscopic film of water. Sometimes this film becomes "sticky" like an adhesive and bonds things together.

This stickiness, known technically as a form of surface attraction, has been the cause of serious problems in industry, particularly in spinning textile yarns. A few years ago, however, Armstrong textile research men found a way to prevent this water film from becoming sticky. Strangely enough, they did it with glue!

Armstrong chemists reasoned that a water film on a surface acts like an adhesive because it contains layers of electrically charged particles called ions. One layer of ions is positive, the other negative. This layer arrangement of ions creates an electrical potential that acts like an adhesive force. It actually bonds the moisture film tightly to the surface of the material it covers.

In the manufacture of yarn, the film of moisture on both spinning rolls and yarn frequently causes a phenomenon known as "lapping up." When the yarn breaks during spinning, the loose end sticks to the spinning roll and wraps tightly around it. Production is stopped until the lapped yarn can be removed from the roll.

Armstrong scientists prevent this "lapping up" by adding an electrolyte to the synthetic rubber used in making spinning roll covers. According to theory, this new roll covering material releases into the water film additional ions which cancel out, or neutralize, the bonding force created by the double-layer arrangement. The water film no longer holds the yarn to the roll.

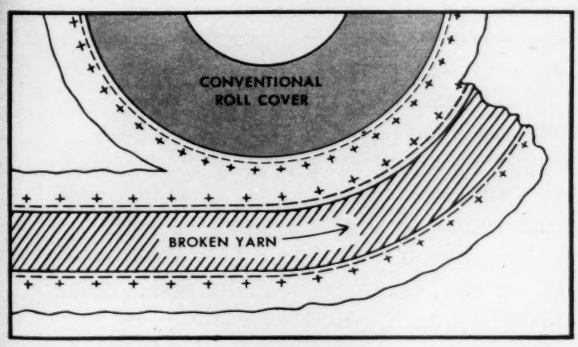
Of all the electrolytes tested, one of the best at preventing water from becoming sticky is animal glue. (The details of this development are covered in Patents No. 2,450,409-410). Special studies are now going on at the Armstrong Research and Development Center to see if such electrolytic materials used in roll coverings can help solve surface attraction problems in other industries.

If you manufacture equipment using resilient rolls for handling web or film material, you may be troubled by a similar form of surface attraction. Specialists at the Armstrong Research and Development Center will be glad to determine whether or not an electrolytic rubber roll covering would improve the operation of your equipment. For details, call the nearest Armstrong Industrial Division Office or write on your letterhead to Armstrong Cork Company, Industrial Division, 8206 Dunlap Road, Lancaster, Pennsylvania.

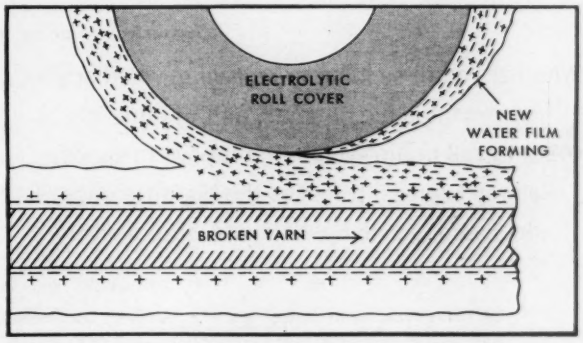
Armstrong INDUSTRIAL PRODUCTS

. . . USED WHEREVER PERFORMANCE COUNTS

adhesives . . . cork compositions . . . cork-and-rubber . . . felt papers . . . friction materials



If yarn breaks after being drawn under roll, water films hold broken end to roll cover causing a "lap up." This is a result of two water films meeting under pressure of roll and merging into one. Internal forces in single film make it resist splitting . . . and ion arrangements bond it to surfaces of both yarn and roll.



Such "lap ups" are stopped by roll cover containing electrolyte which puts additional ions into water film. These break up ion arrangement, destroying adhesive force or electro-kinetic potential. Water film loses its stickiness . . . weight of yarn pulls it away from roll cover . . . and broken yarn end cannot "lap up."

Late shipments, late shipments, they always came late!
Delays were unbalancing Jack's mental state . . .

Then, just in time, he discovered this cure
RAILWAY EXPRESS ships things swift, safe, and sure!

The big difference is

Whether you're sending or receiving, whether your shipment is big or small, and whether it's moving by rail or air—you'll find it pays to specify Railway Express. It makes the big difference in speed, economy, and safe, sure delivery.

• • •

To bring you even better service, Railway Express has just invested 9½ million dollars in 3,000 new, high-efficiency trucks. It's another example of how free enterprise, like Railway Express, constantly works to serve the public best.

RAILWAY EXPRESS AGENCY

. . . safe, swift, sure

FROM THE NATION'S CAPITAL

Tomorrow®

A LOOK AHEAD

Newsgram®

24th and N Streets, N.W.
Washington, D. C.

With little more than a year to go before another campaign time:

Eisenhower already seems more receptive to the idea of a second term.

Stevenson is almost set for the Democrats. He's way out front.

It very probably will be Ike vs. Adlai again. Any other line-up would be a big upset. Nixon, too, has a big present edge for No. 2 place, if it is to be Ike. The scramble among Democrats will be for second place.

Adlai is gambling that Ike will not run. Ike, on his part, probably will force a real draft; will not be easy to get. Republicans will name their man after the Democrats name theirs. Democrats, with Adlai, will leave Republicans little choice but to draft Eisenhower in search of a sure thing.

Stevenson against Eisenhower might have difficulty creating clear-cut issues appealing enough to cause voters to favor a change.

Peace is to be Ike's big issue. Prosperity is beginning almost to be taken for granted for all or most of 1956. Peace and prosperity are hard to campaign against, even at best. Democrats think something might crack.

As of now, trends are favorable to the party in power.

War threats keep fading further into the background. War, obviously, is not going to be started around Formosa by the Communists.

War against U.S., if started now, simply means defeat and destruction. Peace, or truce, offers the prospect of real reward. Trade then will follow, and it's only from U.S. and the West that Communists can get the machinery they need so desperately. Peace and quiet are the Communist opportunity.

With peace will go (1) a chance to whip restless people into line, and (2) a chance to get from the West the means to grow stronger.

Even the Russians are getting smart enough to see that.

Khrushchev, at the moment, is Russia's No. 1 man. Bulganin proves to be just a flunky. Ike, traveling far just for a chance to talk to Bulganin, most probably will be wasting his time. Ike got boxed in on that one.

Top man Khrushchev, in Yugoslavia, turned out to be no Stalin. Size-up of those who followed him: Talkative, even windy; rude and crude; not too bright; hardly the world-conquerer type in fast-moving company.

Tito, on the other hand, is more of the fox. Dictator Tito, very hard up, his Treasury rather bare, maneuvered himself into the middle. Russia, wanting Tito back in the fold, must pay a price. U.S., wanting to keep Tito away from Russia, can be asked to pay a still higher price. It's a very nice trading

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position to be in. Tito's money troubles probably will be solved.

As for Russia, what you now see clearly is this:

Agriculture: In a very bad way. Industry: Lagging far behind the West in efficiency and growth. Living standards: Barely back to prewar.

Leadership: Weak, not impressive. Military strength: Maybe great, but more on a short-time basis. Staying power probably not as great.

Outlook: Trouble ahead for the present leaders. Russia's problems, in part, are those that follow any one-man operation. Stalin didn't take the trouble to bring up anyone really qualified to take his place.

Segregation problem, at home, isn't to be solved quickly or easily. Time is the solution offered by the Supreme Court. Time, alone, however, is not likely to be the answer. Issues involved appear too deep-seated.

You find this in Washington, D.C., where race barriers are down:

Three out of five youths in public school now are Negro. Whites tend to move with children to segregated suburbs when they can. White enrollment, after a year of trial, is continuing to go down; Negro enrollment, up.

School training levels are tending to fall somewhat. Negroes, at the start, proved one to four grades lower than whites in attainment. Mixing of schools improved training of Negroes, lowered that of whites.

Social problems that go with segregation's end are not yet faced up to. Mixing of the races at dances, parties, in school plays, in homes so far has been dodged where possible. There's been little or no violence to date.

You get the story of the nation's capital on page 19.

In business, the outlook continues to be very good. Businessmen are confident, in a venturesome mood, inclined to expand and modernize.

People seem willing to put more of their savings into stocks.

Offerings of stock, as a result, are increasing. Stock financing, when successful, encourages industry to go ahead with new investment plans. High activity in machinery and building, in turn, gives a strong lift.

The cycle turn upward, well under way, gives no sign of reversing soon.

Stock market reflects prospects for earnings and dividend rise.

Stocks, however, show more of a tendency to back and fill, with much shifting among groups. Strength is in issues where earnings are up.

Industrial stocks, on average, now yield 4 per cent. High-grade bonds yield 3 per cent. That's the narrowest spread in a long time. It's beginning to be noticeable, too, that informed opinion about future stock-price trends is dividing more sharply. Not everybody feels that stocks are underpriced.

Suggestions of investor caution are becoming more numerous.

Payment for time not worked, in principle, is being accepted in autos. Unions, as a result, will gain something new to bargain about. Wages and hours, not so long ago, were the bargaining issues. Fringe benefits, mainly vacations and sick leave, then were added. Pensions came next. Annual wages now join the growing list. A 30-hour week is on the horizon as an issue.

Union-leader goal: A voice in management, a place on the boards of corporations. The trend is in that broad general direction.

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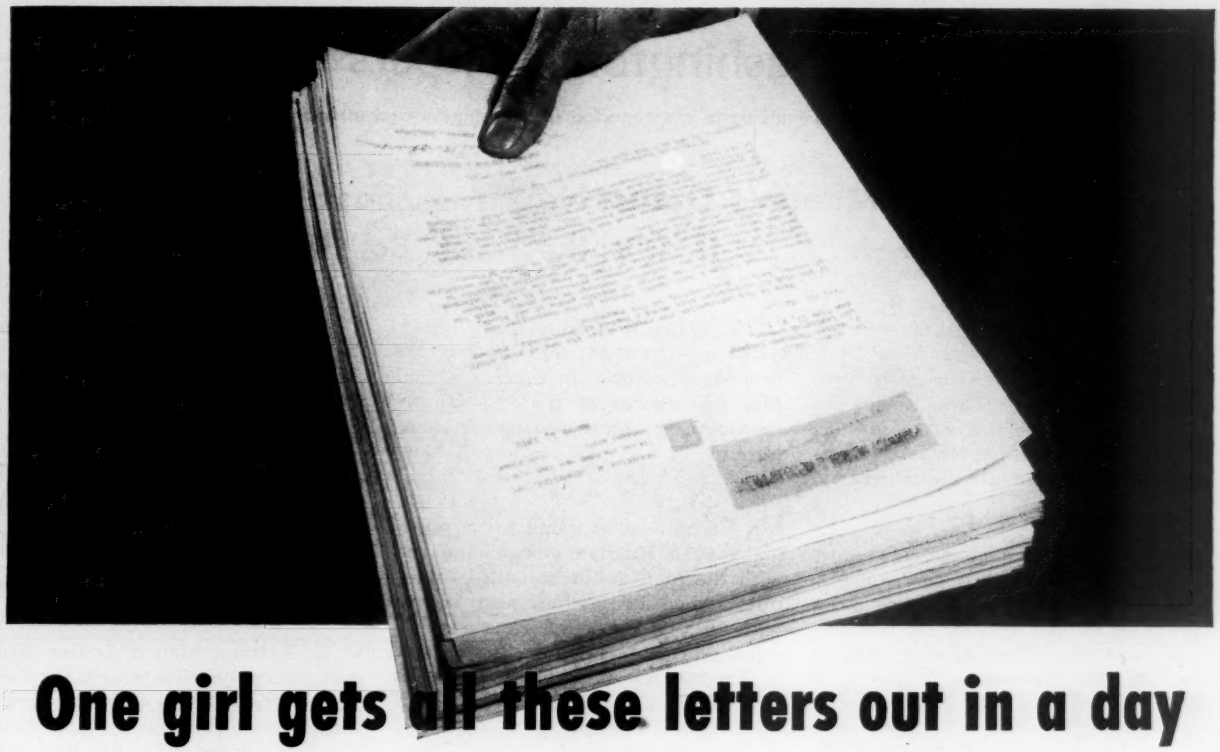

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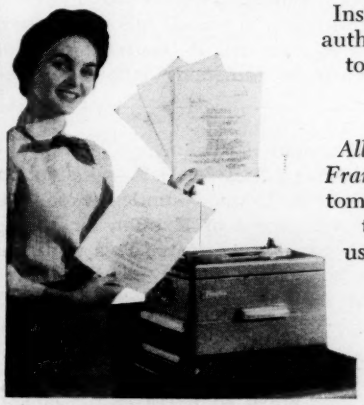

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Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

What Is Menon's Game Now? . . . East Germans Flee Draft . . . If It's Ike, It'll Be Nixon Too

Adlai Stevenson, defeated presidential nominee of the Democrats in 1952, gave personal inspiration to the stories, coming from his friends, saying he would be glad to run again in 1956 if nominated. Mr. Stevenson's candidacy is coming out into the open early.

★ ★ ★

Top-ranking Democratic Senators from the South, very cool to Mr. Stevenson in 1952, are in many cases prepared to back him for the nomination next year. They explain that, in private, Mr. Stevenson is less of a New Dealer than some of his friends indicate he is.

★ ★ ★

With Adlai Stevenson now being listed as the "highly probable" Democratic candidate, pressure will build on Mr. Eisenhower to make known his intentions prior to the March, 1956, date that his friends say he has in mind.

★ ★ ★

President Eisenhower is acting to nip the beginnings of a move among some Republicans to sidetrack Richard Nixon for either first or second place on the Republican ticket in 1956. Ike is indicating clearly that he will want Nixon in second place on the ticket in event of an Eisenhower draft next year.

★ ★ ★

Earl Warren, Chief Justice of U. S., again is impressing politicians of both parties as a real master in the art of politics. The Chief Justice shaped the Court's direction and provided the words that seem to satisfy both Southerners and Negroes in laying down a policy to guide an end to segregation in the public schools.

★ ★ ★

Republican politicians of importance are saying that it will be difficult for Chief Justice Warren to resist a draft movement in 1956, regardless of his professed position, in the event that Mr. Eisenhower at the last minute should insist upon retiring after one term.

★ ★ ★

Mr. Eisenhower is going to be meeting with a Russian stooge, and not with the man at the so-called "summit," when he confers next month with Nikolai Bulganin, Russia's Premier. Marshal Bulganin, on parade in Yugoslavia, turned out to be no more than a handy man for Nikita Khrushchev, Secretary General of the Soviet Communist Party, who ordered him around in almost every situation.

★ ★ ★

Big cuts being made in funds to police trade in strategic goods with the Communist empire are being interpreted as a sign that President Eisenhower is getting set to lower the barriers to this trade. A White House aide expresses it this way: "If we are making headway with the Russians, we may use trade as a tool."

★ ★ ★

Konrad Adenauer, Chancellor of Germany, is prepared to suggest to President Eisenhower that he maintain great firmness in any future dealings with the Soviet Union, and not start a soft line at this time. The German Chancellor feels that the Communists of Russia are leading from weakness, not from strength.

★ ★ ★

Some close friends of President Eisenhower are beginning to suggest that maybe, after all, the United States may bear some of the blame for the "cold war," along with the Russians. The idea seems to be that new concessions may be in order from this side of the Iron Curtain.

Youths from East Germany, averaging 150 a day, are escaping to the West to avoid conscription into the Communist armed forces.

★ ★ ★

A diplomat of Communist China, in Europe, had this remark to make about the Russians: "The tragedy of the Soviet Union is that it is too red for the West and too white for Asia."

★ ★ ★

V. K. Krishna Menon, Indian diplomat, who plays closely with the Communist countries, is being viewed with intense suspicion by some American officials as he busies himself in the field of American prisoners held by Chinese Communists. The feeling is that Menon is up to some game designed to put this country in a bad light if it refuses to make important concessions to the Communists in exchange for prisoners.

★ ★ ★

An American diplomat who deals with the Russians says that a "neutral" is defined by the Communists in this way: "Anybody who is not for me is against me. A 'neutral,' therefore, must be somebody who is for me."

★ ★ ★

President Eisenhower's advisers on defense policy for U. S.—the National Security Council—underestimated the development of Russian air strength by about two years. This group had advised that Soviet power would be at its present level not before 1957.

★ ★ ★

The President is letting White House aides know that, in his opinion, the ideal attitude to take in dealing with newspapermen is that of his former aide, Robert Cutler. Mr. Cutler simply refused to discuss matters with reporters, telling them that he had a "passion for anonymity."

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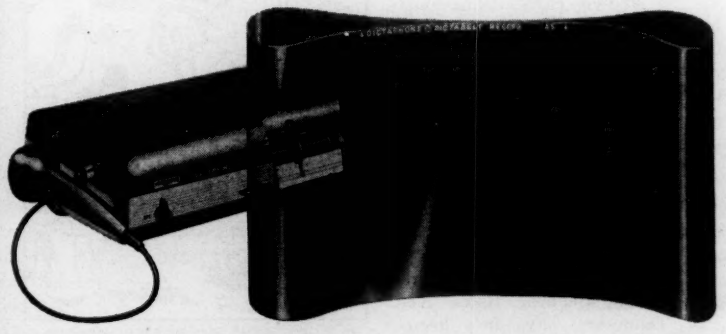

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PEOPLE ★ ★ ★

OF THE WEEK

EARL WARREN is showing his talents as a compromiser, as a Chief Justice with a knack of bringing out unanimous decisions. His opinion ordering the States to find ways of ending segregation in public schools—a ruling that found favor among both whites in the South and Negroes in the North—is an example of his middle-way methods.

Mr. Warren, 64, came to the Supreme Court with no previous judicial experience, found it prone to hand down split decisions on important questions. He is credited with using the persuasive tact that marked his three terms as California's Governor to quiet disputes among his Associate Justices, find a formula for general agreement on decisions.

The job of Chief Justice used to be considered a lonely one, but Mr. Warren hasn't permitted himself the luxury of an ivory tower. He loves frolicking with his six children, wears gaudy neckties under his black robes. He is satisfied with his $35,500 lifetime salary, recently tried firmly to remove himself from consideration for the 1956 Republican presidential nomination.

WILLIAM F. KNOWLAND, Republican Leader in the Senate, is being looked upon by politicians as a strong contender for the Republican presidential nomination at some time in the future. At the moment, the Californian is outspokenly cool to the idea of "drafting" President Eisenhower as the party's 1956 candidate.

At 46, however, Senator Knowland does not have to make his bid for the Presidency against a popular figure like Mr. Eisenhower. His present Senate term lasts until 1959—and he is young enough to look ahead, build for the future. His eye is trained more on 1960, or even on 1964, than on next year.

The Senator is a man of immense energy. He finds time not only to do his job as Minority Leader but to fly to many parts of the country to speak and to confer with politicians. He is promoting a remolding of the Republican Party around the ideas of the late Senator Robert A. Taft, of Ohio—a nation able to withstand Communism without too much reliance on allies, a party able to govern without bipartisan compromises. It is a task for a man with time to wait on the future.

DAG HAMMARSKJOLD is getting credit—at least in Western nations—for finally winning release from Chinese Communist prisons of four U. S. fliers. The Swedish diplomat and economist, elected Secretary General of the United Nations a little more than two years ago, gave up Christmas holidays with his family in Sweden last year to fly half around the world, intercede with Communist Chinese Premier Chou En-lai for release of the fliers and other Americans.

In this instance, by keeping up his negotiations, Mr. Hammarskjold makes good on an inaugural promise to be "active as an instrument, a catalyst, an inspirer" while serving as Secretary General. Now 49, Mr. Hammarskjold dropped a career in diplomacy and government service that might have led to the job once held by his father—Prime Minister of Sweden—to take the U. N. post.

Mr. Hammarskjold is a witty, tactful man, able to speak several languages. He has a reputation as one of Europe's ablest negotiators. His intellect embraces a taste for art and literature, but he also likes physical sports such as mountain climbing. In his diplomatic role, one of his friends sizes him up as "a realist who pricks balloons."

V. M. MOLOTOV, the "hammer man" of Communist conspiracy and Soviet diplomacy for a full 50 years, is on his way out—that's the report you hear increasingly in world capitals. As the story is being told, Molotov will be replaced by D. T. Shepilov, a virtual unknown who has been laying down the party line as editor of *Pravda*.

In Molotov's life story you can read the tale of Soviet ways of governing. A

(Continued on page 16)

ADLAI SLIPS HAT IN RING

—United Press

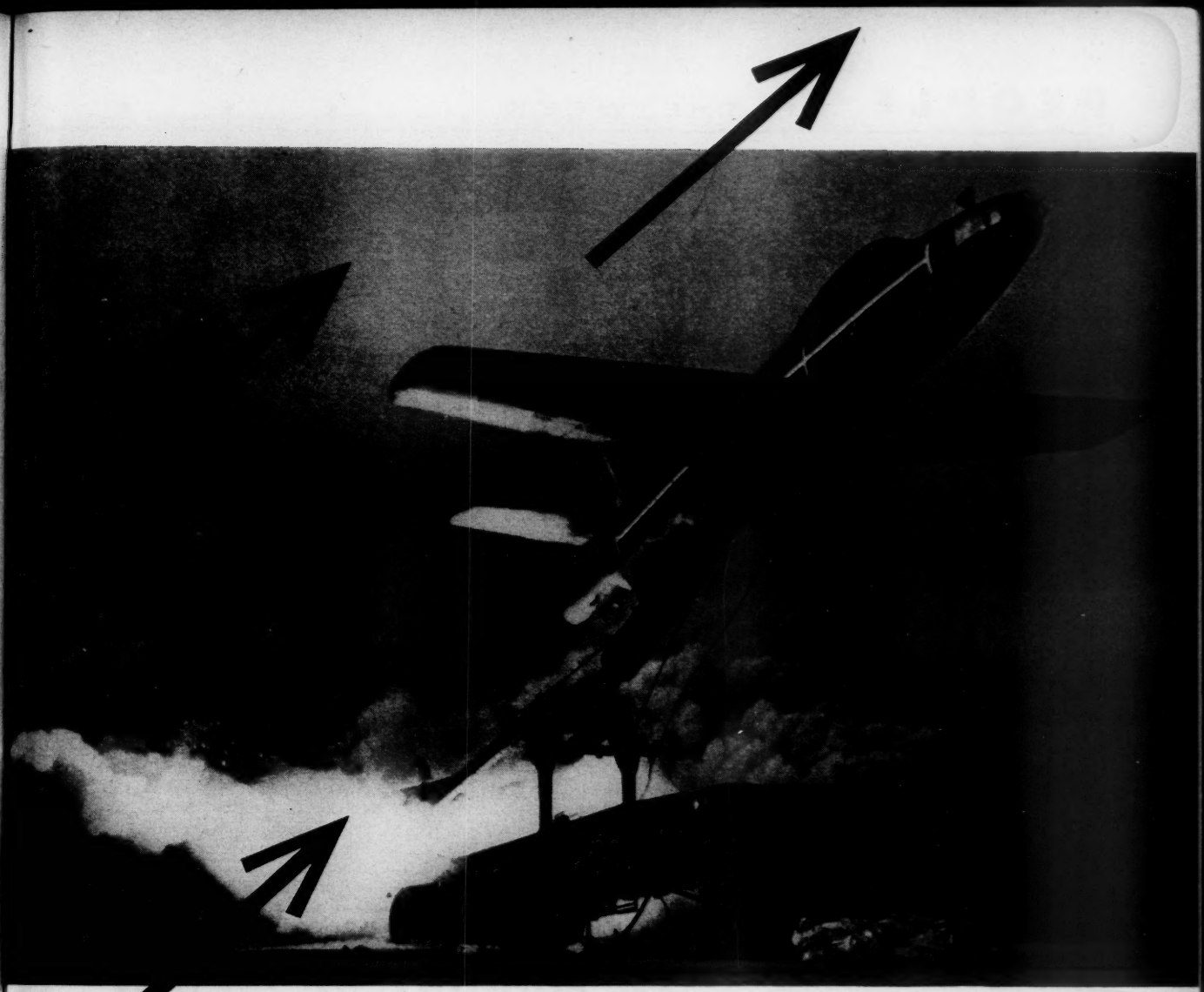
ADLAI STEVENSON

ADLAI STEVENSON, making an early move to capture the Democratic presidential nomination, is letting word seep out through friends that he is in the race, will declare himself publicly late this year, will not depend upon a "draft" as he did in 1952. Simply by letting his intentions be known early, politicians think, Mr. Stevenson becomes almost a certainty to head the ticket once more.

Party machinery, under Democratic National Chairman Paul M. Butler, is largely in the hands of Mr. Stevenson's friends. One contender, Governor W. Averell Harriman of New York—a favorite of big-city Democratic leaders—declares himself behind Mr. Stevenson. Two others—Senators Richard B. Russell, of Georgia, Stuart Symington, of Missouri—say they are not running; a third, Senator Estes Kefauver, of Tennessee, says he's keeping an open mind.

—Costello in the Albany Knickerbocker News

"HOLDING THE REINS"



the world's shortest runway

In the event of surprise attack with today's weapons, a single bomb could wipe out a whole area. Meanwhile, longer and heavier runways are essential to the operation of today's aircraft.

Because of this, the Air Force has long been concerned with the need for entirely new ways of getting its fighter planes into the air by means which would eliminate the concentration of aircraft in the vulnerable areas of forward bases.

Martin engineers, working with the Air Research and Development Command, were given the job of finding a solution to this important problem—and shown here is their answer.

It is the world's shortest airstrip—a mobile zero-length launcher which is transportable by air or land and which operates in a space of only ten square yards. It is shown here blasting a piloted Republic F-84 into full flight without the necessity of any take-off run.

As an outgrowth of the work of the same Martin-ARDC team which produced the TM-61 Matador pilotless bomber and zero-length launcher, this important development is another example of Martin's contribution to American airpower and security.

MARTIN

BALTIMORE · MARYLAND

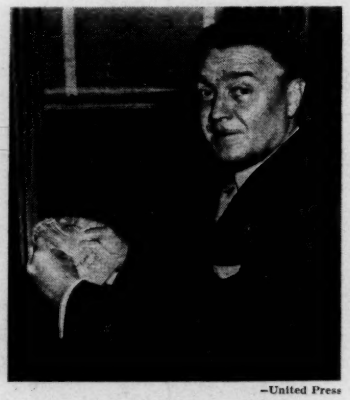
conspirator from the time he joined a revolutionary cell in 1905, he lived under assumed names. Molotov—from "molot" or "hammer"—was the last of several pseudonyms. Real name: Scriabin.

Molotov was early manager of the 1917 revolution, while Lenin and Stalin were in exile. He had a knack for guessing right about who would come out on top, picked Stalin as the rising star when Lenin died. For nine years, beginning in 1930, Molotov was Premier, fronting for Stalin. He issued orders for ruthless deportations of farmers, helped direct the blood purge of the Red Army. In 1939, he signed up with Hitler; since World War II, has been the architect of conquest. In 1950, Stalin exiled Mrs. Molotov to Siberia; Molotov took it. In 50 years, "the hammer" has earned a reputation as Communism's perfect tool.

➤ **DOUGLAS MacARTHUR II**—nephew of the famous general—is tackling his toughest job in nearly 20 years as a diplomat. The massive spadework necessary for a four-power conference is in his hands. Preparations must be made for the preliminary talks President Eisenhower has indicated he will hold with the Russian, French and British heads of government, as well as for the detailed dickering of the Foreign Ministers' session expected to follow.

As Counselor of the State Department, Mr. MacArthur is drawing together ideas on many subjects—disarmament, Germany, Formosa, Korea, Indo-China—from experts inside the State Department. He also gets views from the Defense Department, National Security Council, intelligence agencies and foreign-aid dispensers. He will talk with British and French diplomats who have been doing the same kind of planning.

The main thing to keep in mind at any conference, says Mr. MacArthur, is that the Soviet goal is to split the Allies. He says one big difficulty is making sure the Allies understand each other so well that the Soviets can't find a crack in their united front.



—United Press

➤ **TREASURY DEPARTMENT'S** "conscience fund" is richer by $5,000. Bundle of greenbacks held by T. Coleman Andrews, Commissioner, Internal Revenue Service, arrived in otherwise empty envelope postmarked Ridgewood, N. J.

➤ **TOUGHEST STRIKER** in Great Britain since the general strike of 1926 shook that country was a quiet, courteous, little man —**James "Little Jim" Baty.** He was polite even when defying the Government—but threatened to keep his 17,000 locomotive engineers out of their cabs for three months to get them a wage increase, maintain their pay differential over other railway workers.

At 59, Mr. Baty has spent 25 years in the cabs of locomotives and 40 years in union activity, now is general secretary of the Associated Society of Locomotive Engineers and Firemen. Yet, in all his years as a union leader, Britons scarcely had heard of him. Unlike most British union officials, he refrains from making a big noise in politics, is seldom heard from at Labor Party conventions. He is not regarded as an extremist.

Yet, there stood "Little Jim" Baty, defying the Government, daring Prime Minister Sir Anthony Eden to put troops in the engines, facing almost unanimous anger from the British people. Looking at the situation, one labor leader observed, " 'Little Jim' is the last man in the world you'd expect to see leading Britain's greatest strike since 1926."

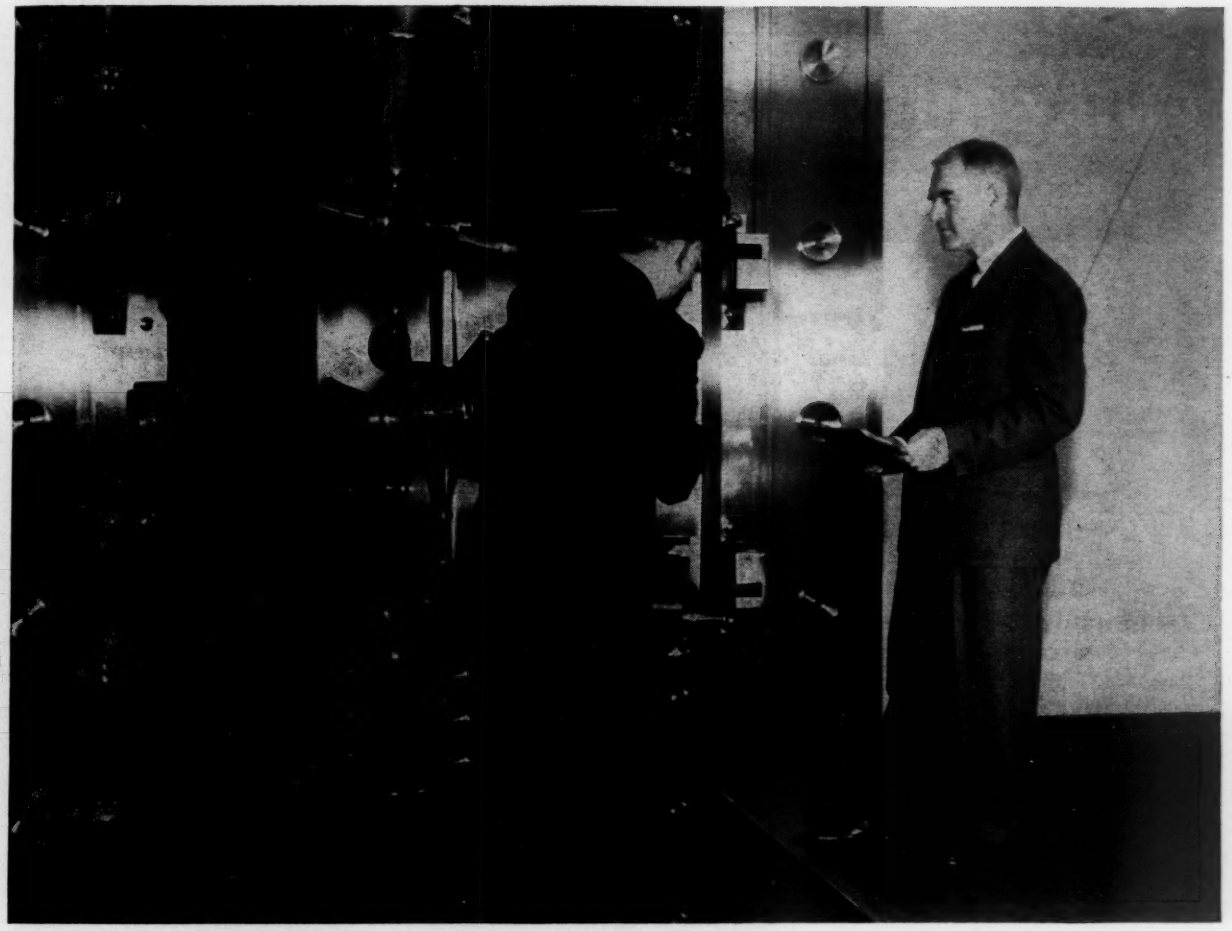
—United Press

FORMER FOES—NOW FRIENDS

➤ **TWO MEN** who fought as enemies in World War II shared a toast to the success of Germany's defense build-up as a member of the North Atlantic Treaty Organization. The meeting in Bonn brought together **Gen. Alfred M. Gruenther,** NATO's Supreme Allied Commander, Europe, and German Defense Commissioner **Theodor Blank.**

Mr. Blank, a tough ex-carpenter, opposed both Nazis and Communists, served in the German Army as a draftee. He was an antitank-crew lieutenant when Hitler's Germany collapsed, will be civilian defense chief of the German Army when it is formed later this year. This new force will be under control of General Gruenther, as part of NATO's European defense force.

Mr. Blank has scrapped Prussian-type militarism, plans a citizen-soldier Army, wants to see "a private and a colonel having coffee together."



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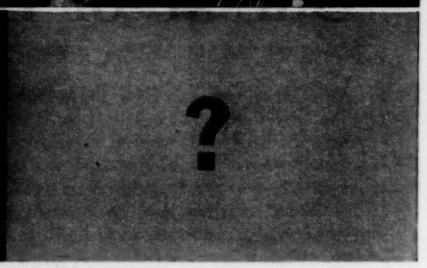

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VOLUME XXXVIII—No. 23 U.S. News & World Report WASHINGTON, D. C.

DO MIXED SCHOOLS REALLY WORK?

After One Year—Answers as Found in Washington, D. C.

By order of the Supreme Court, segregated schools are on the way out in this country.

What's to be the result? Will school standards suffer? Is "voluntary segregation" to take the place of separate schools for white and Negro pupils? How will social problems be handled?

The nation's capital, Washington, D. C., provides the first answers to some practical problems that go with school integration. Here 61 per cent of public-school pupils are Negro, only 39 per cent are white.

A full year of trial with mixed schools now is ending in Washington. This report on the results is based on interviews with teachers and top school officials. You get answers to many questions that people are asking.

A task that Southern States now must begin has just been completed in the nation's capital.

Washington, D. C., without waiting for the Supreme Court's new directive, last September went ahead and ended segregation in the city's public schools. Since then, 75,000 out of Washington's 105,000 grade and high-school pupils have been placed in mixed schools. In this traditionally Southern city, white and Negro youngsters have attended the same classes.

It has been an important test, watched across the nation. Now, after nine trying months, Washington's first mixed-school year is coming to an end—and educators can tabulate what happened.

The results, educators are finding, have been different in many respects from what was expected.

The racial trouble that was expected did not develop. There was a minimum of clashes between white and Negro pupils. Open complaints were relatively few.

A shift of white people away from mixed-school areas was noted, however. This shift was biggest in schools where the influx of Negroes was heaviest. The number of white pupils showed a marked decline, indicating that whites who could afford it were moving out of predominantly Negro school districts. When school started last September, 59 per cent of Washington pupils were Negroes. By school's end this summer, the proportion of Negroes has grown to 61 per cent.

This is a higher proportion of Negro pupils than will be found in most of the South's big cities.

—USN&WR Photo

CLASSROOM PARTY
. . . no problem in elementary school

Many social problems anticipated from mixed schools have not yet been faced up to in Washington. Social mixing of the races in school life has been held to a minimum. Mixed dances have been generally avoided. Not yet known is what will happen when white Johnny dates a Negro girl, or white Susie comes home from a school dance with a Negro boy.

Problems, however, have developed in this first year of racial integration. Differences in cultural and educational backgrounds have shown up. Washington educators express shock at learning how far the general educational level of the capital's Negroes is below that of the whites.

Slower education? The result, many school principals say, has been that the learning pace within most of the mixed schools has been slowed down to keep step with the general run of Negro pupils. White students, these educators predict, are going to get less education until the Negroes catch up—while Negroes will get a better education than before.

Disciplinary difficulties have been reported. Language barriers be-

INTEGRATION: HOW IT WORKED IN WASHINGTON, D. C.

WHITE TEACHERS TAUGHT NEGROES

NEGRO TEACHERS TAUGHT WHITES

IN THE CLASSROOM: MANY TEACHERS SAID THEY FOUND WORKING WITH MIXED CLASSES STIMULATING

tween the races have been found. Differences in standards of conduct have proved disturbing to some school officials handling large numbers of Negro pupils for the first time.

Some of these problems are regarded by educators as likely to prove only temporary. They are explained as arising from the fact that, in the past, Negroes and whites in Washington have gone to completely separate schools. In such total segregation, racial differences were perpetuated, even enlarged.

All this was ended suddenly, with white and Negro students thrown together in all grades, from kindergarten through high school.

In the ensuing mix-up, biggest surprise to educators was the wide gap between white and Negro educational levels. Negro schools in Washington had the same curricula as the white schools, and were supposed to be their equal. Yet it was found that a large proportion of Negro students were far behind the average white students—one to four grades behind, in the opinion of some school officials.

Teachers who have handled mixed classes make such observations as these:

A high percentage of Negro pupils will fail their courses this year. Where classes are divided for teaching purposes into groups of slow, medium and fast learners, there are few Negroes in the fast group, with a majority of Negroes in the slow group. Where intelligence tests have been given, the Negro average has been far below that of whites.

Segregation blamed. Teachers say this is not because the Negro has less natural ability, but because of his average home environment—and of the segregated schools that he has attended all his life.

Negro schools, under segregation, were overcrowded and understaffed. There were limited facilities for special classes to bring up slow or unadjusted children. As a result, educators believe, the Negro teachers were compelled to

—USN&WR Photos

WHEN SCHOOL IS OUT: SOCIAL MIXING OF THE RACES HAS BEEN HELD TO A MINIMUM

make compromises in educational standards—make their examinations easier, promote pupils who were not ready for promotion, concentrate on teaching the smarter pupils, let the others drift.

Now these lagging Negro pupils have been mixed into formerly all-white schools, where the educational pace has been faster. And the result, many teachers say, is going to be a lowering of these schools' educational standards for some years—although the superintendent of schools, Dr. Hobart M. Corning, is determined that this shall not happen.

The effect on white children's education from the intermingling of slower Negro students is described as varying according to the type of school.

Where impact is lightest. Least bad effect, teachers say, is felt in the junior high schools. In these schools, with large numbers of pupils all taking the same courses, grades can be divided into separate classes, according to educational level. Some schools in Washington, with many Negroes, now have as many as 10 classes in each subject. In this way, teachers explain, each child is taught among children nearly equal in learning speed, and none is held back by slow students.

In senior high schools, however, such intricate division is usually impossible because there is too great a variety of elective courses, and dividing each course into assorted groups would require too many teachers and classrooms. General result is that slow and advanced pupils sit in the same classes, and teachers say that this is holding back the progress of the fast students.

One exception to this is in McKinley High, where the principal, Dr. Charles E. Bish, has divided the English classes into sections. It is in English, says Dr. Bish, that the widest disparity between whites and Negroes has been found.

In Washington's elementary schools, also, many teachers say that the quality of education for the white child has de-

[continued]

DO MIXED SCHOOLS REALLY WORK?

clined. In nearly all these schools there is a division within each classroom of slow, medium and fast learners. But, because slow and medium groups have become so much larger in relation to fast groups since arrival of Negro pupils, the teachers are described as being forced to spend increased time with the slower ones, leaving less than ever for faster ones.

Moreover, teachers say, the tendency for a teacher in a mixed school is to lower previously strict standards somewhat, to make it easier for pupils to pass in order not to have too many repeaters.

White children moving over into schools previously reserved for Negroes are said to suffer a similar retardation in their rate of learning. The Negro schools were accustomed to teaching at a slower pace, and the white pupil moving into them has to slow down to keep in step, teachers report.

Exceptions to these difficulties are reported. Some highly qualified Negro pupils have been found. In a few schools, teachers say, the incoming Negroes actually have raised educational levels. This is described as happening in certain neighborhoods where the Negro residents comprise professional and upper-income groups, while the whites are of low income and low educational level.

Superintendent Corning's hope is that the problem now existing because of different white and Negro educational levels will prove temporary. He predicts that the Negroes, in time, will overcome whatever handicap they now have.

"If the purpose of education is to raise the intellectual level of all the people, then this is good," Dr. Corning says.

Athletics: no troubles. Some of the problems that came with desegregation were solved more easily than expected. Dr. Corning feared there would be trouble when athletic teams were integrated and mixed games were played. But there was no difficulty. He was worried at first about how white pupils and parents would react to Negro teachers. Four Negroes taught this year in schools where almost all students were white. Yet there were few complaints, no strong objections. Many Negro teachers are on the faculties of thoroughly mixed schools, and both white principals and parents have expressed approval of them.

Still unsolved is the question about school dances—with all the social problems that they might create. No general school dances have been held this year in Washington's mixed schools. Principals considered this too touchy an area in which to attempt full integration as yet. They feared that an approach to a white girl by a Negro or a rebuff of a Negro by a white girl might set off a melee.

Students say they miss these school dances, consider their loss one of the big handicaps of mixed schools. What will be done about school dances, or what will happen if they are resumed on a mixed basis, nobody as yet is willing to predict.

Some schools have even given up folk dancing and square dancing in their physical-training classes because some white parents objected to their children dancing with Negroes. In other mixed schools, however, dances of this type have continued—and no one has objected.

—USN&WR Photo

ELECTRICAL PROBLEM
For educators: some surprises

High-school dramatics have presented some problems. School officials are chary about staging plays in which white and Negro actors might be brought together in romantic or family situations. At least one large high school solved the problem by dropping dramas and substituting "talent shows" in which dancers, singers and comedians of both races can perform without cause for controversy.

The little plays that are part of the class work in the elementary schools seem to present no such problem. When children choose who shall be Goldilocks or Cinderella, they choose a little Negro girl as often as a white one.

A barrier in speech. One unexpectedly high barrier between the races in Washington's mixed schools has turned out to be the difference in languages—in ways of talking.

The very limited vocabulary of many Negro pupils is the big stumbling block. Some Negro youngsters cannot express themselves clearly, and they don't understand the words that the white teachers and pupils are using. Then, too, the enunciation of the Negroes complicates the communication problem. Their accents, fixed by constant association only with other Negroes, sound strange to white ears.

But this is not all. White teachers and pupils find Negro youngsters have idioms of their own. They use expressions unknown to whites, often defying translation.

For example, teachers repeatedly are puzzled by hearing a word that sounds like "mellin." Asked why he fought with another boy, a Negro will say: "He kept mellin me." It seems to mean "annoying," and some teachers guess it might have come from "meddling."

Another explanation often given by a Negro youngster for starting a fight is this: "He put his face up to me." This, teachers have learned, means that the other boy moved in close and glared threateningly.

A murmured "May I pass out?" is a Negro form for asking permission to go to the washroom.

"I am convinced that this language difficulty is the chief problem of white teachers in teaching colored youngsters," said John D. Koontz, who is principal of a high school.

Freedom—and reaction. Discipline, in mixed schools, has become more difficult to maintain, according to some teachers. In the overcrowded Negro schools, before integration, instructors were forced to maintain a rigid discipline that in some cases amounted almost to regimentation. Children were required to file from one class to another without speaking. The slightest infraction of the strict rules brought punishment.

Then, when children from these Negro schools were shifted suddenly into the more relaxed atmosphere of the white schools, the new freedom went to the heads of some youngsters.

"They went wild when they came here," said John Paul Collins, principal of a high school. "They were practically beyond control. We had to read the riot act to them. They quieted down to some extent."

Miss Eleanore McAuliffe, junior-high-school principal, says one of her most baffling problems is establishing a natu-

ral, relaxed relationship with her Negro students.

"They are so impressed with authority," she said, "that it seems almost impossible for them to be informal with me."

The principal in an elementary school was startled, early in the year, each time she entered the rooms where the new Negro pupils were seated. They would all speak in unison, saying, "Good morning, Miss Brown."

"It was awfully hard for me," she said, "to explain to them that it would be nicer and more natural for each of them to say 'Good morning' to me when they felt like it, instead of doing it all at one time. This is something, of course, they had learned in their old schools."

A deeper problem. Such differences teachers regard as minor problems that will soon disappear. Other differences, however, are more disturbing to school officials. In one high school there have been five pregnancies among unmarried Negro girls during this school term. In another school, there were two. Such cases were extremely rare in all-white schools.

"We have found that the parents of many of these children are not married," said one school principal. "The children often are raised by relatives and passed from one relative to another. When we talk to the parents about a girl's situation they are not concerned."

Fighting and profanity are other tendencies causing concern to white teachers. Fighting among Negro pupils —girls as well as boys—has been frequent in schools that received many Negroes from slum areas of the city.

"Many of the colored boys in our school carry knives," one principal said. "Our teachers are continually taking the knives away from them. Fights are going on after school all the time. We have had about 10 times as many fights this year as we did last year."

Few of these fights, however, have involved both Negroes and whites.

Help from home. Teachers credit Negro parents with trying hard to cooperate with the teachers, working actively in Parent-Teacher Associations. They say Negro parents usually dress their children neatly, keep them clean, and send them to school with good lunches.

When Negro children get into trouble, the parents sometime become too cooperative to suit the white teachers. On occasion they have come to school and beaten their children severely in front of the teacher. Teachers who have had this happen now hesitate to tell the parents when their children are not doing well.

Mixed schools have helped to solve two problems that existed under segregation—the overcrowding in some Negro school buildings and the overworking of some Negro teachers. White schools that once were half empty now are filled with children taken out of the jammed Negro buildings. White teachers, some of whom used to have few pupils, are taking part of the burden from the shoulders of colored teachers.

On the whole, relations between the two races in mixed schools have turned out far better than expected, teachers agree. Children in the lower grades seem to make no color distinction among their classmates. In high schools, there appears to be little hostility between the races. But each race keeps pretty well to itself. In classrooms and lunchrooms they sit in little groups, whites in one group, Negroes in another. In recreation rooms they share the same floor while dancing to juke-box music—but colored and white do not dance with each other.

—USN&WR Photo

PLAY TIME
At this age, few color distinctions

Race relations in some mixed neighborhoods have been greatly improved since the end of segregation. For instance, McKinley High, until this year a white school in a Negro neighborhood, used to have continual trouble with colored neighbors who smashed windows, broke into the school, or picked fights with students. This year the neighbors have given no trouble to the mixed school, are cordial to both white and Negro students.

Throughout the city, there has been little open opposition to integration on the part of white families.

White solution: move. Opposition, it appears, is taking the form of flight. White people who don't want their children in mixed schools are moving out of racially mixed school districts—or even out of Washington into Maryland and Virginia suburbs, where segregation is still practiced.

This movement is reflected in enrollment figures. All the heavily mixed schools had fewer white students at the start of the school year than when school ended in 1954, and all lost additional white pupils during this school year.

Barnard Elementary School, for example, had 400 white students in 1954, but opened with only 300 last autumn and now has still fewer. Tyler had 570 white pupils last year, has 404 now. Burroughs, which had 500, is down to 265. Petworth had 130 white children last year. Now it is predominantly Negro, with only 64 white pupils.

In kindergartens, where attendance is not compulsory, far fewer white children are enrolled. It is common to find a kindergarten class of 60 to 70 Negroes, only 5 to 10 whites.

After midyear graduation in junior high schools this year, it became clear that many of the graduates were moving or quitting school rather than attend mixed schools. Junior-high graduates are required to attend the senior high within their neighborhood, and this would have resulted in many whites entering schools that were formerly Negro. But, out of 454 white graduates, only 3 showed up at the formerly Negro high schools.

Teachers describe the first year of racial integration as a nerve-racking experience. There was constant tension, an ever-present fear that a simple incident might touch off an explosion.

"We are still just living with it from day to day, hoping for the best," said Dr. Bish, McKinley High principal whose school has become a showplace for those claiming success for the integration process.

The teachers stick. There has been no unusual number of white-teacher resignations or retirements, however. Many teachers say they have found the experience of working with mixed classes stimulating.

One elderly Southern woman, who had planned to retire in 1954 but stayed on her teaching job another year, recently told her principal:

"I stayed on because I wanted to find out two things, and I have. I have learned that Negroes have the brains to achieve just as much as the white children. And I have also learned that they are not one bit superior to the white children in music or rhythm."

How the Supreme Court's new ruling on segregation is to be enforced—page 24. Full text of the ruling is on page 72.

WHAT YOUR SCHOOL BOARD HAS TO DO NOW

Start to End Segregation—but No Deadline

How long is it going to take to end segregation, now that the Supreme Court has decided to fix no deadline?

Several Southern States see chances for years of delay. But some federal authorities say that mixed schools are going to come faster than a lot of people seem to think.

It all depends, now, on the federal district courts.

The Supreme Court now says this about an end to segregation in public schools:

- Elimination of separate schools for white and Negro pupils is a national objective.
- All laws requiring or permitting segregation "must yield to this principle."
- States and communities must "make a prompt and reasonable start" toward school integration.
- Mixed schools cannot be avoided "simply because of disagreement" with the principle of integration.
- Where delays are sought, "the burden rests" upon the States or communities seeking the delays "to establish that such time is necessary. . . ."

However:

- No time limit is set for ending segregation.
- It is left to federal district courts to set the pace of integration in their own districts.
- Courts, in deciding how fast segregation must be ended, "may properly take into account the public interest" and "may consider" local and administrative problems.

What, actually, does all this mean? How soon will segregation really disappear from the South? Can some States get away with long delays, as they threaten—perhaps for a generation? How can Negroes go about compelling action where long delays are attempted?

Views on some of these questions differ.

A Government view. This is the way one high legal authority in the U. S. Government sizes up the prospects: "I do not think there is going to be a delay of many years, as some men are saying, before the schools throughout the country are desegregated.

"In view of the clear intention of the Supreme Court, expressed twice in unanimous decisions that school segregation shall end, the lower courts have no choice but to see that the order is complied with promptly. They cannot legally permit segregation to hang on for years.

"I think you will find segregation folding up all over the country in a reasonable time. It won't happen overnight. But it will come a lot quicker than you would think to hear some of these men talk. You know, public men sometimes say things they don't believe themselves, just for political reasons."

Discussing how the Court's decision will be put into effect, this legal expert said:

"I think the courts will be likely to call both sides together—the complainants and defendants in these segregation cases—and ask them to submit a plan. They can talk over this plan, decide if it meets the requirements of the Supreme Court ruling, and reach some sort of agreement.

"If the defendants do not submit plans when the courts ask them to, or if they do not submit satisfactory plans, or if they do not follow plans which they have agreed to, then they could be held in contempt of court." This is an offense punishable by fines or imprisonment.

"The complainants themselves," he added, "could start proceedings if they wished, if the courts did not act soon enough. If action were not obtained in the lower courts, then they could appeal to a higher court—right on up to the Supreme Court itself, if necessary.

"But the courts are going to act. They will do everything in their power to see that the decision of the Supreme Court is followed."

This, for those favoring an early end to segregation, is the "optimistic" view.

The South's ideas. Officials in some Southern States, where opposition to mixed schools is widespread and bitter, say that segregation will not die so fast as that.

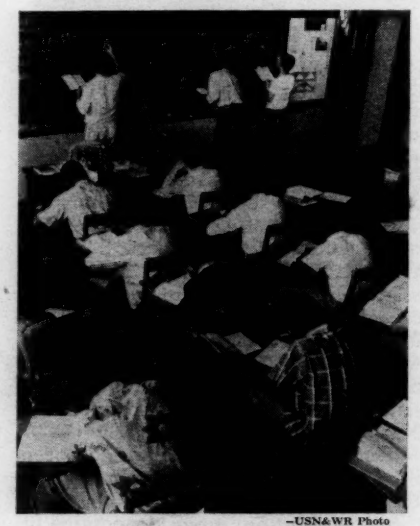
In Mississippi, a Deep South stronghold of segregation, a long, drawn-out legal battle is regarded as inevitable. Governor Hugh White has predicted that mixed schools might not come in his State for 10 years or more.

Among Mississippi whites there is a general feeling of relief that no time limit was imposed. Lack of such a deadline is viewed as leaving the way open for all sorts of delays—and powerful, organized elements are prepared to take full advantage of every loophole.

The strategy planned is this:

Make no move to comply until compelled by direct court order. Try to dissuade Negroes from going into court to obtain such an order. If this fails, school districts would be gerrymandered. A new State law would be used to assign pupils to specific schools on the basis of "community welfare and morals"—rather than race. State police power might be invoked to keep races separate on the theory that mingling would lead to violence. As a last resort, certain schools might be shut down under authority of a recent amendment to the State constitution that permits abolishment of public schools.

What Negroes would face. Negroes, to combat such tactics would be forced to file a series of suits, school district by school district, fighting one substitute after another.



—USN&WR Photo

INTEGRATED CLASSROOM
"It won't happen overnight"

—USN&WR Photo

PARENTS'-DAY PERFORMANCE AT A MIXED SCHOOL

"The courts are going to act. They will do everything in their power"

Negroes, however, are turning out to be more aggressive about fighting for their new rights than many Mississippians expected. Their acceptance of "voluntary" segregation appears most unlikely. Negroes who not many months ago were uncertain about putting up a legal fight now are raising funds for that purpose.

South Carolina, another stronghold of Southern traditions, likewise is planning to be as slow as possible about falling into line with the Court verdict.

There are still people in South Carolina who say that mixed schools will never come to that State. For example, a local official in Clarendon County, which was directly involved in the Supreme Court test case, asserted promptly after the Court's ruling last week that all schools in Clarendon County will be closed, if necessary.

State officials, however, disclaim any serious thought of shutting down schools. The general idea, as in Mississippi, is simply to sit tight until compelled to act, to put pressure on the Negroes to hold off legal challenges.

Quite a lot of pressure can be exerted by local school boards, which exercise considerable control over disbursement of school funds. A new threat is provided by a recently enacted South Carolina law which authorizes denial of State funds to any school compelled to accept Negroes.

There may be, officials say, scattered exceptions in areas where the Negro population is small. But, for most of South Carolina, there is no expectation that segregation will end in a hurry.

Virginia is another State where strong reluctance to abandon segregation has been shown. In Prince Edward County, a defendant in the Supreme Court suit, funds for school operations were knocked out of the county budget the very night of the day the Supreme Court acted, May 31. The county, there, puts up 60 per cent of the total school money.

This heavy reliance by schools on local funds provides a powerful weapon for communities that are willing to sacrifice their schools to fight integration.

The policy of Virginia's State government is still to be decided. A legislative commission has been set up by Governor Thomas B. Stanley to recommend a course of action. But J. Lindsay Almond, Jr., Virginia's attorney general, suggests these as possibilities:

1. Separate school children by sex.

2. Adopt a system of assigning pupils to certain schools "for reasons other than race."

3. Permit counties to abandon their public schools.

Another possibility of legal delay is seen in the changes required in State constitutions and laws that forbid mixed schools, as in Virginia. Such laws, Virginia's attorney general concedes, are now nullified by the Supreme Court's ruling. But, in the case of certain laws, schools cannot operate at all unless other statutes take their places. And what if the State legislatures refuse to enact the necessary new laws?

Integration tactics. The National Association for the Advancement of Colored People, faced with all these possibilities, is mapping plans to fight delays, wherever encountered.

The U. S. Department of Justice has indicated that, if unreasonable delays develop, it might start legal action against the balking States.

Compulsion, in some areas, is not expected to prove necessary. Kansas, Delaware, Baltimore, Md., and Washington, D. C., for example, already have virtually ended separate schools, without waiting for the Court's final decree.

However, throughout most of the South, the tendency so far is to wait as long as possible.

How long can this be? That, under the Supreme Court's ruling, is up to the federal district courts.

$5,000 A YEAR FOR ALL—WHEN?

It May Not Be Long, the Way Incomes Are Rising

Poor people are fast disappearing from a prosperous U. S. Incomes keep rising.

In the mid-1930s, New Deal planners talked of $2,500 a year for each family. That looked like a wild dream at the time.

Now, under free enterprise, $5,000 seems more realistic as an income goal for families.

At the height of the New Deal, the dream of $2,500 of income for each American family was held out to people. This dream was to be realized through national planning.

Today, the dream of 20 years ago is not a dream at all. A family getting as little as $2,500 of income is the exception.

In sight, instead, is the time when nearly every family may enjoy $5,000 or more of income each year. More than 40 out of every 100 families are getting that much already.

Taking all families, from top to bottom, average income figures out at $6,000 a year. That is beyond even the dreams of 20 years ago.

In other words, what many called fantasy in the planning days of the New Deal seems commonplace now under a system of free enterprise.

Dreams and realities. When the New Deal planners picked their $2,500 figure as the income they considered essential "to enable a family to live a moderately full life under American conditions," very few families were getting anything like that much.

Even in the boom year 1929, before the New Deal came to power, only 29 per cent of U. S. families got as much as $2,500. The remaining 71 per cent got less. In the mid-1930s, after a period of depression and the New Deal, incomes were lower. Nearly 80 per cent of families were getting $2,000 a year or less.

Today, according to latest Government studies, fewer than 30 per cent of families earn as little as $2,500 a year. The great majority earn far more.

You see the big shift in the chart below. The number of poor families and single persons, those with incomes below $2,000 a year, has declined by a whopping 21.5 million in 20 years. By contrast, those with good incomes, $5,000 or more, have increased by nearly 20 million. Those getting more than $10,000 are up by 3.5 million. This top group numbered only 300,000 in the mid-1930s. Now there are 3.8 million.

What you find is a continuing climb out of the low brackets into the middle brackets of income. Compared with 20 years ago, there has been an increase of nearly 12 million in the number of families and single persons earning $5,000 to $7,500 a year. In the range of $7,500 to $10,000, there has been an increase of 4.6 million.

What about inflation? Even when today's income figures are scaled down to allow for the effects of higher prices, the change still is striking. That, too, shows in the chart.

RICH MAN, POOR MAN

In terms of DOLLAR INCOME—

Number of families and single persons

	1935-36	NOW	CHANGE
Less than $2,000 a year	29.8 millions	8.3 millions	
Less than $5,000 a year	37.2 millions	29.4 millions	
More than $5,000 a year	1.2 millions	21.1 millions	
More than $10,000 a year	.3 millions	3.8 millions	

SO—Poor people are fewer by many millions.
People with medium and high incomes are more numerous by many millions.

Source: 1935-36 estimate, Economic Unit, USN&WR; latest available figures, Commerce Department

—H. Armstrong Roberts

"GAINFULLY EMPLOYED": NEARLY 62 MILLION WORKERS
In the mid-1930s, only 44 million people had jobs in the U. S.

Since 1929, which New Dealers used as the base year in calculating their $2,500 income goal, the cost of living has gone up 59 per cent. This means it takes nearly $4,000 today to buy what $2,500 would have bought in 1929.

On top of that, the average federal income tax per family has jumped from $17 to nearly $600.

Despite both of these offsets—higher prices and higher taxes—"real" income of the average family now is 30 per cent above 1929 and 47 per cent above the mid-'30s.

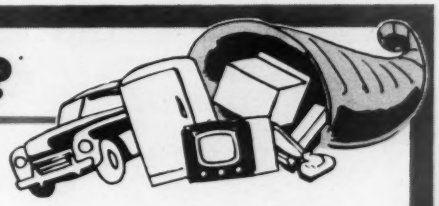
Those are average figures. Within the averages, there have been wide variations. At the top of the income scale, taxes have wiped out the major portion of gains in earnings. At the bottom of the scale, where there is little or no tax on incomes, millions of families have doubled or trebled their after-tax earnings.

In effect, this has been a kind of share-the-wealth process. Official figures show the process is still going on.

In the period since 1950, the bottom fifth of the nation's families, ranked according to income, have shown gains of 14 per cent in "real" earnings. The top fifth of families have gained 3 per cent.

Billions to spend. These figures show what lies back of the booming demand for goods. The market for the good things of life—homes, automobiles, refrigerators, TV sets, luxuries of many kinds—is very nearly as broad as the American population. The typical Amer-

HOW MANY OF EACH?



In terms of PURCHASING POWER—
(income adjusted to today's prices)

Number of families and single persons

	1935-36	NOW	CHANGE
Less than $2,000 a year	16.5 millions	8.3 millions	DOWN ▼ 8.2 millions
Less than $5,000 a year	33.1 millions	29.4 millions	DOWN ▼ 3.7 millions
More than $5,000 a year	5.3 millions	21.1 millions	UP ▲ 15.8 millions
More than $10,000 a year	1.2 millions	3.8 millions	UP ▲ 2.6 millions

SO—For the great majority, standard of living is higher. People who can buy very little are fewer by millions.

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[continued]

$5,000 A YEAR FOR ALL—WHEN?

ican family has money to spend, and is in a mood to spend it. The New Dealers, in their dreams, never imagined anything like it.

In the mid-1930s, when planners were talking of $2,500 per family, about 44 million Americans were working. Ten million were looking for jobs.

Today, the situation is far different. Nearly 62 million are employed. Fewer than 3 million are looking for work. Unemployment represents less than one twentieth of the labor force.

Any poor people left? Figures like these make some people wonder whether poverty is a thing of the past in this country. Actually, there still are 8.3 million families and single persons with incomes below $2,000 a year—mostly small farmers, old people, domestics, disabled persons, unemployed. But the number of poor people keeps declining.

—Lieberman from Black Star

IN THE STORES: BUYING IS UP

The number of poor people keeps declining

Pay scales are high, and they keep rising. Factory wages of $2.50 to $3 an hour, straight time, are not unusual. The average factory worker now gets $1.86 an hour, an all-time high.

Farmers are about the only big group whose incomes have been lagging recently. Still, the average farmer today nets more than three times as much as before the war.

That is the real story behind this country's astonishing standard of living. It explains how 72 per cent of U. S. families own cars, and 12 per cent own more than one car. It explains why the automobile industry expects to sell nearly 7 million cars this year. It also explains how more than half of all families can afford to own their homes, how the American people can own 33 million television sets, 120 million radios and 41 million electric refrigerators.

Back in the mid-1930s, there were 29.8 million with incomes below $2,000.

The trend toward bigger incomes for the masses of Americans got its big push in World War II. Wage rates jumped as employers started bidding for help. Unemployment came virtually to an end.

Since the war, contrary to the expectations of many people, the trend toward bigger and bigger incomes has continued. Today, total personal income is running at an annual rate of 294 billion dollars. That compares with 68.4 billion in 1936 and 172 billion in 1945.

Some of the economic ideas that took form in New Deal years are still around, still providing protection to the incomes of millions. These include Social Security pensions for retired workers and dependents, unemployment insurance, the minimum wage, subsidies of various kinds.

The Government, however, never has gone as far as some of the New Dealers thought would be necessary to make the $2,500-a-year dream come true. Many of the extreme proposals of those days were rejected.

Free enterprise at work. By and large, in this recent period of rising incomes, the spark has been produced by a free-enterprise system running in high gear, not by Government schemes to boost or level incomes.

In other countries of the Western world, where governments have given private enterprise a chance to work, there has been somewhat similar progress in recent years. Prosperity, measured by past standards, has taken hold in most of Europe, Canada, some Latin-American countries and elsewhere.

Voters in most of these countries are supporting leaders pledged to moderate government action. Radical experiments are losing favor.

In the Communist countries there is a different story. Share-the-wealth schemes in those areas have had the effect of bringing high incomes down, but with no gain for the poor. Workers are plagued by long hours, low wages, shortages, waiting lines.

More gains ahead. The outlook, here in U.S., is for further progress in raising incomes.

Workers are getting new pay raises. Wage contracts this year, as a rule, are allowing increases of 4 to 6 cents an hour. In some industries, raises are higher.

Federal taxes, almost surely, will be reduced in 1956. This will mean more money to spend. The big question is where to cut—whether to concentrate tax relief in the low-income brackets or spread it out.

Good business is expected to continue for some time yet, probably well into 1956. A setback is not likely to turn into another deep depression.

So the trend to bigger incomes, with the promise of bigger markets and higher standards of living, is likely to continue, with only temporary interruptions.

The income goal for U. S. families keeps going up. Today, a $5,000 goal appears more realistic than the $2,500 goal of 20 years ago appeared at that time. Poverty has not yet been wiped out completely. But long strides have been made in that direction since the gloomy 1930s. And the process is to go on in the future.

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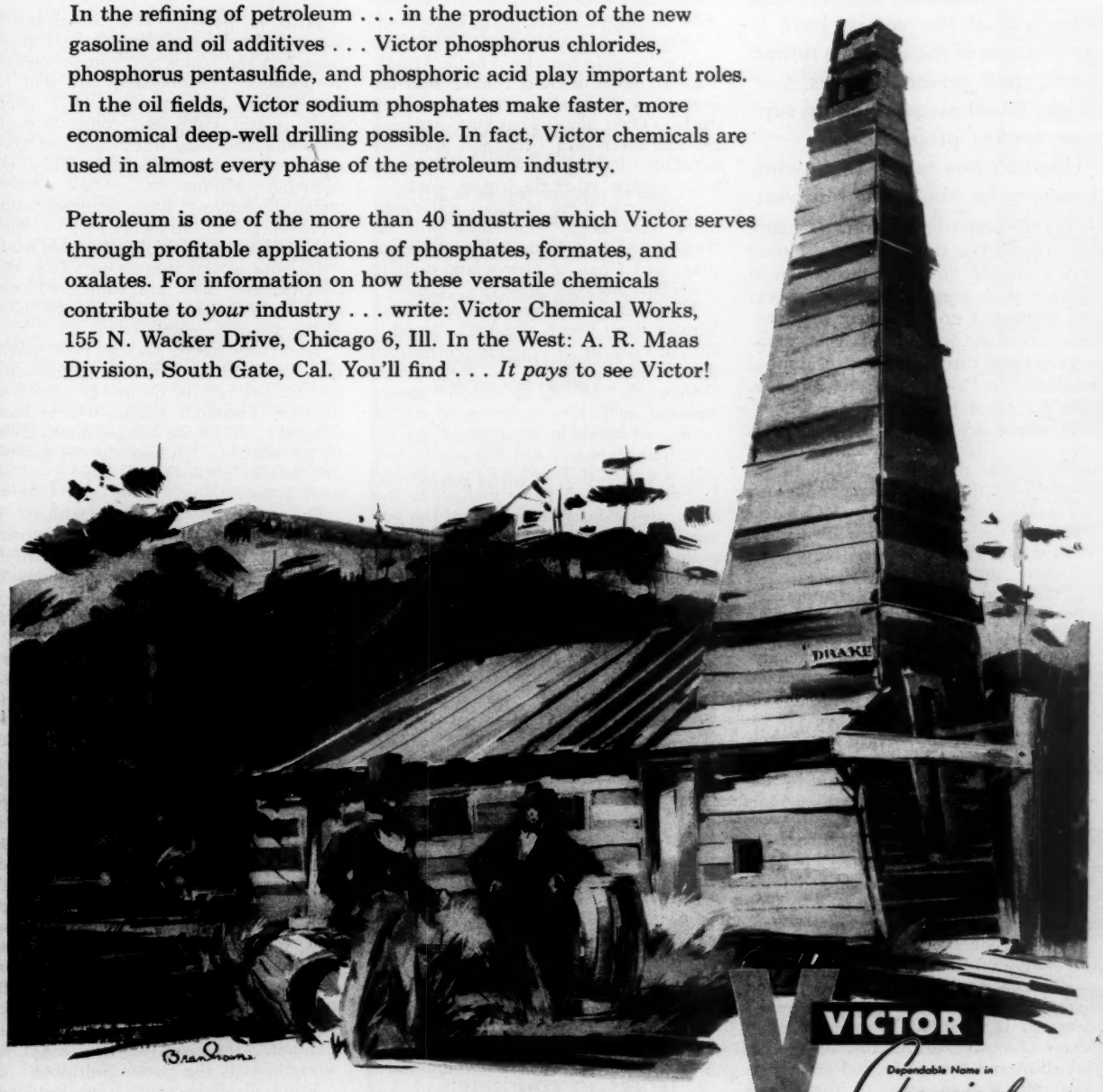

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Polls That Impress the President

Samplings by Congressmen Help to Guide Action

What the voter thinks about war and peace and lesser things is a matter of increasing concern for Ike and Congress.

Congressmen are asking many questions of the voters. Here is an analysis of the answers turned up in their private surveys.

Mr. Eisenhower is getting support for his program.

Republicans report a growing fondness for him in the Midwest.

The Eisenhower program is being subjected to a quiet but continuing review by the voters of the nation in opinion polls conducted by members of Congress. A great many of the questions asked in these samplings of opinion are lifted directly from presidential messages to Congress proposing specific pieces of legislation.

President Eisenhower, in shaping his own course, is known to watch closely the results of these polls and to be influenced by them, perhaps as much as are the individual members of Congress who take the polls for their own guidance. At the White House, the poll results are analyzed for the President and the mood of the country is appraised.

To show what the President is finding—and what members of Congress are using for their own guidance—an analysis was made of recent congressional polls. The results are given for you in the table on page 31.

A majority of the congressional polls show that the people favor some basis for peace. They tend to approve the way Mr. Eisenhower is handling foreign affairs. And they go along with many of the presidential proposals for dealing with domestic matters, particularly on highway, school and defense spending.

Republican quest. Back of the congressional polling is an untold story of a Republican search for a new party position on many matters of foreign and domestic policy. President Eisenhower's program is regarded by many Republicans as moving further toward internationalism and toward federal activity in local affairs than some of them have promised to go in past campaigns.

And so it is that these Republicans are feeling their way carefully, checking and rechecking in their areas to learn what their constituents want them to do. This is particularly true of Middle Western Republicans.

Of 13 polls taken by members of Congress in recent weeks, 11 have been by Republicans. And of the 11 Republican polls, eight have been in the Middle Western States of Ohio, Illinois, Indiana, Iowa and Nebraska. Four have been made in Ohio, alone. That State has been checked over and back and forth by members of Congress who are trying to make certain what the voters want.

Aside from these Midwest soundings, there have been Republican polls in New Jersey, New York and New Hampshire, and a pair of Democratic polls in Michigan and New Jersey.

The Michigan Democratic poll found farmers about evenly divided as to what kind of farm price supports the country should have, if any. The New Jersey Democratic poll, in an urban district, reported majorities favoring a cut in tariffs and boosts in minimum wages for industrial employes and the pay of federal workers. It failed to turn up majorities for cuts in Army manpower and an across-the-board reduction of the personal income tax.

In the main, President Eisenhower is keeping closest watch on the Republican polls. These are sounding sentiment in the traditionally Republican areas of the Middle West in which the late Senator Robert A. Taft, of Ohio, was strongest, and where the opposition to Mr. Eisenhower in his own party still shows up most often.

—USN&WR Photo

LETTERS TO CONGRESS . . .
. . . often say, "Leave it up to Ike"

Who is polled. The congressional method of polling usually is to get questions into the hands of as many people as possible. Questionnaires are sent to box holders in post offices and along rural routes. Politicians comb through telephone and local directories and take each tenth or twentieth name. They use campaign mailing lists. One Senator polled Republican Party workers. Congressmen get all the names they can find and tabulate all the replies they can read.

In spite of the manner in which the congressional polls are conducted, the results often come fairly close to those of the scientific pollsters.

The most recent Gallup Poll—American Institute of Public Opinion—says that 68 per cent of the public approves the way President Eisenhower is handling his job. In the congressional polls, 65 per cent in a Chicago district and 84 per cent in a Cleveland district voiced such approval.

On universal military training, a Gallup survey says 75 per cent of the people are in favor of such a plan. A congressional study in Cleveland reported 77 per cent of the people there approved. But, in rural Nebraska, approval fell off to 49 per cent.

Tariff cuts—pro and con. Tariff reduction, approved in some sections, disapproved in others, shows up in the congressional polls as favored by only 25 per cent of the public in rural Nebraska and by 83 per cent on Long Island. The average of the Nebraska and Long Island figures would be 54 per cent approval.

A Chicago Congressman asked his constituents whether the United States should talk with Russian and British leaders about foreign-policy matters. Sixty-six per cent of his replies said "yes." At about the same time, the Gallup Poll reported that 74 per cent of Americans were willing to have the United States talk with Russia, Communist China and all other interested nations to see whether a peaceful solution could be worked out to the Formosa dispute.

From all of the studies, the President and members of Congress are conclud-

ing that a good-sized majority of the people would like to talk their way to peace and avoid war if possible. But separate studies by Congressmen in Long Island, Chicago and Ohio indicate a wish to defend Formosa and to use the atom bomb if fighting becomes necessary.

And there are a good many Americans who are willing to leave the whole matter in the hands of President Eisenhower.

Ohio views. A poll of Ohio Republican workers brought a 10-to-1 endorsement of Formosan defense and somewhat smaller margins in favor of defending Quemoy and Matsu and of using the atomic bomb. But threaded through the comments were such statements as: "I am perfectly willing to leave these decisions to our great President." "Leave this up to Ike." "Whichever the President decides." And: "Let's go along with the President's decisions; I trust him, don't you?"

On domestic matters, the polls show: large majorities favoring the President's highway-building plans; a good share of the voters favoring boosts in the minimum wages for industrial employes, with the principal differences centered upon the size of the increase; strong support for federal money for local school buildings in most areas, with lesser support in rural Nebraska.

Most of the Congressmen who tackled the questions found wide divergences of opinion over whether there should be flexible farm price supports, a rigid guarantee of 90 per cent of parity or higher, or abolition of price supports altogether. The margins were not conclusive.

Foreign-policy reactions. Both the President and members of Congress are turning their sharpest scrutiny toward the voter reactions in the Midwest to foreign-policy questions. And, fairly generally, Mr. Eisenhower is finding support.

The smallest votes of approval for Mr. Eisenhower's foreign policy showed up in the cattle and wheat country of northwestern Nebraska. Here fewer than half of the people approved. In a Chicago district, nearly three fifths approved. And, in a State-wide poll in Iowa, which lies midway between these two districts, 4 of each 5 persons voiced approval of Mr. Eisenhower's program for dealing with other nations.

In a Cleveland district embracing such areas as the well-to-do suburbs of Shaker Heights, 4 of each 5 persons voted that the United States should continue support of United Nations.

Thus, support for the President is indicated in the congressional polls. And some of the Republican Congressmen from the Middle West are described as reappraising their own positions.

WHAT REPUBLICAN POLLS TELL EISENHOWER

		VOTED "YES"
HOW PEOPLE FEEL ABOUT IKE—		
Another term?	*In rural Nebraska*	73%
Approve his Administration?	*In Chicago*	65%
	In Cleveland	84%
HOW PEOPLE FEEL ABOUT FOREIGN POLICY—		
Approve Ike's foreign policy?	*In Chicago*	57%
	In Iowa	80%
	In rural Nebraska	44%
A meeting with Russian and British leaders?	*In Chicago*	66%
Use of nuclear weapons to stop Communist aggression?	*On Long Island, N.Y.*	73%
	In Cleveland	74%
Defend Formosa against the Reds?	*In northern Indiana*	82%
	In Chicago	63%
Defend Chinese islands of Quemoy and Matsu?	*In Chicago*	35%
	In Ohio (Republican Party workers)	80%
Reduce tariffs?	*In rural Nebraska*	25%
	On Long Island, N.Y.	83%
HOW PEOPLE FEEL ABOUT LABOR—		
Raise the minimum wage?	*In Cleveland*	57%
	In northern Indiana	70%
Regulate union welfare funds like insurance companies?	*In Iowa*	92%
Amend the Taft-Hartley law?	*In Cleveland*	35%
Raise pay of federal employes?	*In Cleveland*	52%
HOW PEOPLE FEEL ABOUT FEDERAL SPENDING—		
Spend more for defense?	*In Chicago*	14%
Federal aid for local school building?	*In Iowa*	52%
	In Chicago	72%
Favor Ike's 101-billion-dollar highway plan?	*In Iowa*	64%
	In Cleveland	84%

(From replies to questionnaires sent to constituents by a group of Republicans in Congress)

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Ike: "I Do Not Like Politics" But—

After three years of political life, President Eisenhower now says this—

- **He likes his job as President.**
- **He does not like politics.**

Mr. Eisenhower also serves notice, not in so many words, that if he runs again he intends to be consulted about who gets second place on the ticket.

Following are extracts from the transcript of the President's news conference of May 31, 1955, with the President's answers authorized for direct quotation by the White House:

Marvin L. Arrowsmith, Associated Press: Mr. President, it was just three years ago tomorrow, I think, Mr. President, that you returned from Europe and got into politics. This is a rather broad question, but I wondered if you cared to say how you like the game of politics after three years.

The President: Well, Mr. Arrowsmith, the term "politics" as such seems to be one of those words that means many things to many people.

We so often use it in a derogatory sense. And I think in the general derogatory sense you can say that, of course, that I do not like politics.

Now, on the other hand, any man who finds himself in a position of authority where he has a very great influence in the efforts of people to work toward a peaceful—a peaceful world—toward international relationships that will eliminate or minimize the chances of war, all that sort of thing, of course, it is a fascinating business. It is a kind of thing that would engage the interest, intense interest, of any man alive.

There are in this office thousands of unique opportunities to meet especially interesting people, because the Government here in Washington has become the center of so many things that, again, you have a very fascinating experience in meeting scientists, people that —leaders in culture, in health, in governmental action, and from all over the world. There are many things about the office and the work, the work with your associates, that are, well, let's say, at least intriguing, even if at times they are very fatiguing. But they are—it is a wonderful experience.

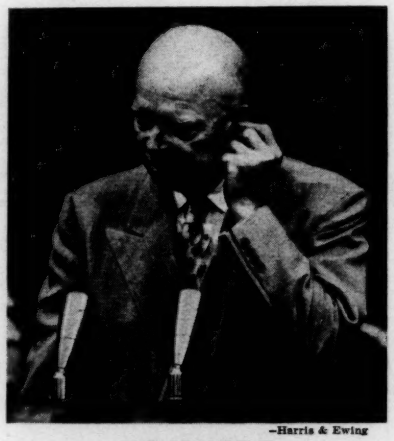
But the word "politics" as you use it, I think the answer to that one, would be, no, I have no great liking for that.

° ° °

James B. Reston, *New York Times*: Mr. President, going back to Mr. Arrowsmith's question about your three years in politics, could you recall for us, sir, what your role was in the selection of Mr. Nixon for Vice President in Chicago?

The President: Surely.

Mr. Reston: Was he selected as your personal selection, or was he one of a number of different persons whom you approved of, or what?



—Harris & Ewing

THE PRESIDENT

The President: I would be glad to give it to you. As I have reminded you people before, my experience in politics has been a little intensive, even if short. And the first thing I knew about the President having any great—or any presidential nominee having any great influence in the vice-presidential selection was, I think, about the moment that I was nominated. And I wrote down—I said I would not do it—I didn't know enough about the things that had been going on in the United States. I had been gone two years. And so I wrote down the names of five, or maybe it was six, men, younger men, that I admired, that seemed to me to have made a name for themselves. And I said, "Any one of these will be acceptable to me," and he was on the list.

Mr. Reston: Mr. President, could I pursue that? Could you recall who were the five men and, secondly, what I was trying to get at was, what is your philosophy about the role of the nominee in the selection of the Vice President? Is it your view that the Convention is sovereign, it can pick anybody it likes, or should it, in your judgment, follow the recommendation of the presidential nominee?

The President: Well, I would say this, Mr. Reston: It seems obvious to me that unless the man were, as chosen were, acceptable to the presidential nominee, the presidential nominee should immediately step aside, because we have a Government in this day and time when teamwork is so important, where abrupt changes could make so much difference. If a President later is suddenly disabled or killed or dies, it would be fatal, in my opinion, if you had a tense period on, not only to introduce now a man of an entirely different philosophy of government, but he, in turn, would necessarily then get an entirely new Cabinet. I think you would have chaos for a while.

So I believe if there wouldn't—if there isn't some kind of general closeness of feeling between these two, it is an impossible situation, at least the way I believe it should be run.

I personally believe the Vice President of the United States should never be a nonentity. I believe he should be used. I believe he should have a very useful job. And I think that ours has. Ours has worked as hard as any man I know in this whole executive department.

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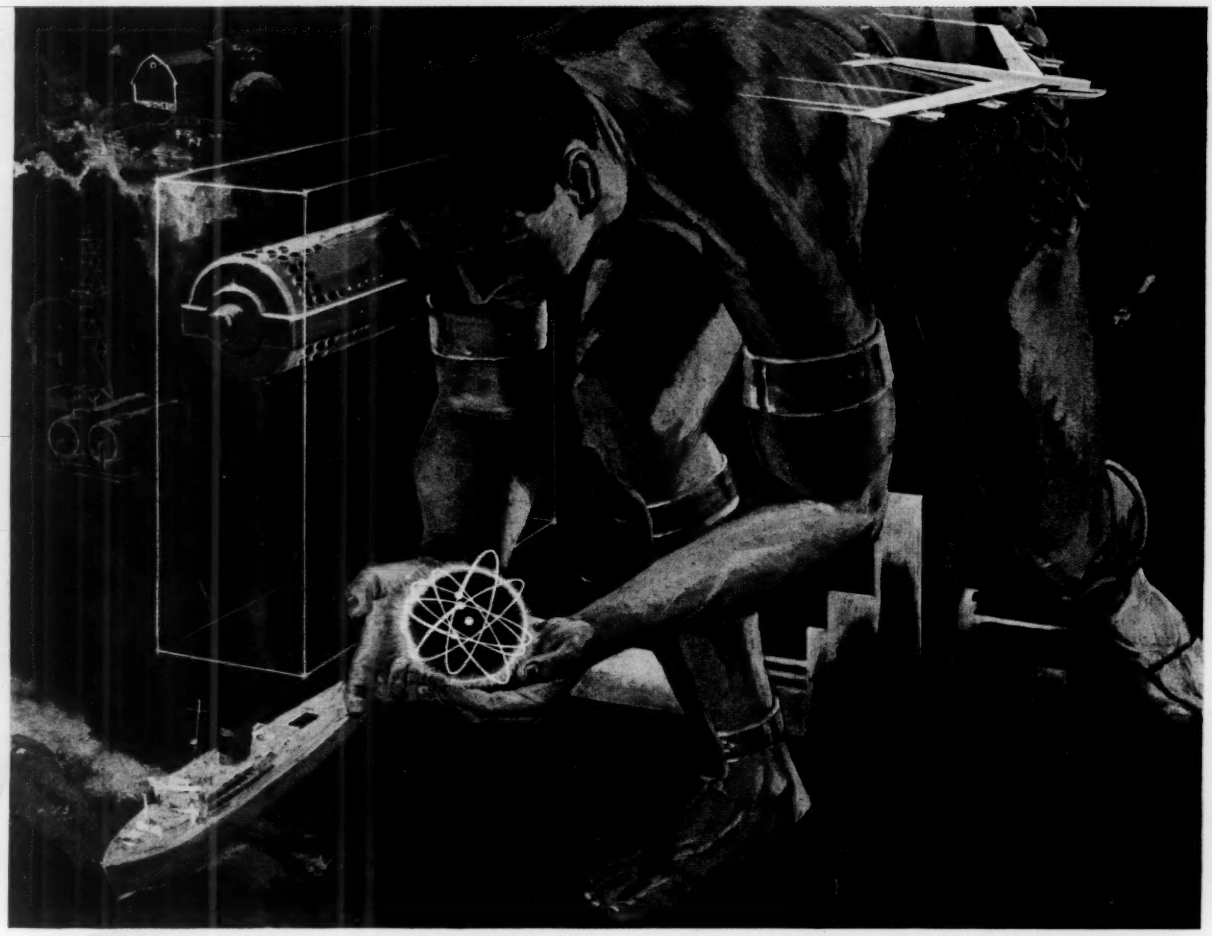

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More About

THE CASE OF HARRY DEXTER WHITE

The strange, unsettled case of the late Harry Dexter White, named as having passed U. S. secrets to Communist spies, is being brought into public view once more.

Henry Morgenthau, Jr., Secretary of the Treasury from 1934 to 1945, was Mr. White's boss during almost all those 11 years. Mr. Morgenthau kept detailed diaries, is turning over to the Senate Internal Security Subcommittee entries concerning Mr. White.

The Committee, headed by Senator James O. Eastland (Dem.), of Mississippi, last week heard Mr. Morgenthau summarize his dealings with Mr. White.

STATEMENT OF MR. MORGENTHAU

Following is the full text of the opening statement of Henry Morgenthau, Jr., on June 1, 1955, when he appeared before the Senate Internal Security Subcommittee:

About a year ago I met with this Subcommittee on the invitation of Senator Jenner. At that time the Subcommittee asked whether it would be agreeable to me to have the staff of this Subcommittee examine the diaries which I kept as Secretary of the Treasury and I willingly gave my consent. As you know, members of your staff have been examining my diary in the Franklin D. Roosevelt Library for the past 11 months.

On May 19, 1955, Mr. Sourwine, the counsel for the Subcommittee, wrote to Mr. Robert Morgenthau, my son, asking for my consent to the use of certain designated material which was listed in the letter. This material was furnished to the Subcommittee yesterday.

The designated material all seems to relate to the activities of Harry White while he was with the Treasury.

For the Subcommittee's information I should like to make the following comments about Harry White.

Harry White first came to the Treasury in the summer of 1934 as a member of a group of more than 30 economists who were recruited to study certain banking practices in the Cleveland Federal Reserve District. Before he came to the Treasury, White had taken a Ph.D. at Harvard and had taught at Harvard and at St. Lawrence University. I did not know White before he came to the Treasury and it is my present recollection that I did not personally become acquainted with him until he had been in the Treasury for some time.

White was one of the few men outside of the business world who had thorough training and experience in the international monetary field. His rise in the Treasury was due to these qualifications and to his intelligence, his industry and his willingness to assume responsibility.

In 1935, the Treasury sent him to The Hague where he made a study of exchange operations in various European markets. Upon his return to the United States he became a member of the staff of the Division of Research and Statistics.

In March, 1936, the Division of Monetary Research was organized in the Treasury to deal with international monetary and exchange problems which at that time were becoming increasingly important. White worked in this Division and thereafter became its head.

During the war, under the direction of the Secretary and the Under Secretary of the Treasury, White co-ordinated all foreign activities of the Treasury. Toward the end of the war he was particularly active in planning the International Fund and Bank and in the negotiations at Bretton Woods which led to the establishment of those institutions. Sometime early in 1945 he was made an Assistant Secretary of the Treasury.

The entire time I was in office I had no reason to suspect White's integrity or his loyalty to the United States. No security agency, and no individual, ever reported or suggested to me that there was any doubt about White's loyalty. It was sometime after I had resigned before I learned that any charge of disloyalty had been made against him. I was shocked and surprised when those charges were first brought to my attention.

Since I resigned as Secretary of the Treasury in July, 1945, I have had no access to classified documents or Government reports. In these circumstances I do not think that I can attempt to assess the charges that have been made against White.

I can say without hesitation, however, that if these charges had been brought to my attention while I was Secretary of the Treasury I should immediately have suspended White and ordered a full investigation. If the charges had been substantiated I should at once have removed White from office.

REPLY BY SENATOR EASTLAND

Following are extracts from the reply by Senator Eastland to the opening statement by Mr. Morgenthau:

Thank you very much, Mr. Morgenthau.

At the beginning of this hearing, I want to make it quite clear that we are not engaged in, nor do we propose, an investigation of you or of your official conduct. We are not in any sense conducting an investigation into your administration while you were Secretary of the Treasury.

The record is clear that you have co-operated completely with this Subcommittee, at all times; and I want to pay tribute to the spirit of selfless service and devotion to the national welfare in which you have done so.

I want to pay tribute also to the high sense of public responsibility which, you have indicated, led you to cause to be kept the voluminous records which have come to be known as the Morgenthau Diaries. . . .

° ° °

On behalf of this Subcommittee, I thank you sincerely.

Americans the Reds Still Hold

Released Fliers Just a Sample—May Be Hundreds More

U. S. prisoners, held illegally since mid-1953, now replace war threats in Communist maneuvering for new gains in Asia.

The Reds' goal: to swap "concessions" that might net them a U. N. seat, recognition of Peiping, title to Formosa.

At stake: the fate of 11 Air Force men, 6 Navy fliers, 5 Coast Guardsmen, 41 civilians, possibly 453 others in U. S. uniform.

Reported from
HONG KONG and WASHINGTON

Americans held prisoner by Communist China are being used as part of a great diplomatic game now getting started.

The game, from the Communist side, has as its objectives the winning of a place in the United Nations, eventual recognition by the United States of the Peiping regime as the lawful government of all China, then a take-over by the Reds of islands off the coast of China, including Formosa.

Prisoners are recognized as just an incident in this big game.

When four American fliers, held prisoners for two and a half years in violation of Korean-armistice terms, were "deported" on May 31, the Communists made what they regarded as a friendly gesture. Then reports came from Hong Kong that 11 other U. S. airmen were scheduled for early release. In return, the Communists looked for some softening in American attitudes toward them.

When the first four fliers were released, however, there remained at least 63 Americans still held prisoners, according to U. S. officials. Of the 63, Communists admitted holding 52. They included the 11 other airmen, all crew members of a B-29, and 41 civilians, most of them missionaries or businessmen trapped when the Reds took over. In addition, there were six Navy fliers shot down off the coast of China, and five Coast Guardsmen whose plane went down when they attempted to rescue the Navy fliers.

Alive or dead? How many more Americans remain in Communist Chinese prisons, nobody outside of China really knows. But the armed services now list 453 men who were last seen alive behind Red Chinese lines. These include 245 soldiers, 191 airmen, 14 marines and 3 Navy men. All are listed officially as "presumed dead" because of the time elapsed since they were last seen. But there is at least a strong possibility that some are still alive as war prisoners.

Communists are letting the impression get out, in any event, that more batches of American prisoners will be released in return for some gesture on the part of the United States. One "neutral" envoy, just returned from Peiping, spoke of the possible return of more U. S. prisoners in this way: "If relations continue to improve, we must expect it."

The end result is to be a long period of maneuver ahead. The pattern is set for negotiations between U. S. and Communist China through consuls of each country in Geneva, Switzerland. War threats are not involved. War tensions, in fact, are more likely to lessen in the period ahead.

Prison treatment. How are the remaining American prisoners faring, in the meantime? Some indication of their current treatment is given in stories brought back by the first four U. S. airmen repatriated—Lieut. Col. Edwin L. Heller, Capt. Harold E. Fischer, 1st Lieut. Lyle W. Cameron and 1st Lieut. Roland W. Parks.

"Brain washing" apparently remains the biggest hazard, but the emphasis now seems to be more on indoctrination than threats and physical abuse. Food, as far as the four airmen were concerned, was largely rice—but in quantities adequate to maintain life and even health. Solitary confinement is the worst punishment reported, in these cases. Physical comforts are described as few, but boredom and uncertainty about the future are given as the major problems facing prisoners held illegally now, two years after war's end.

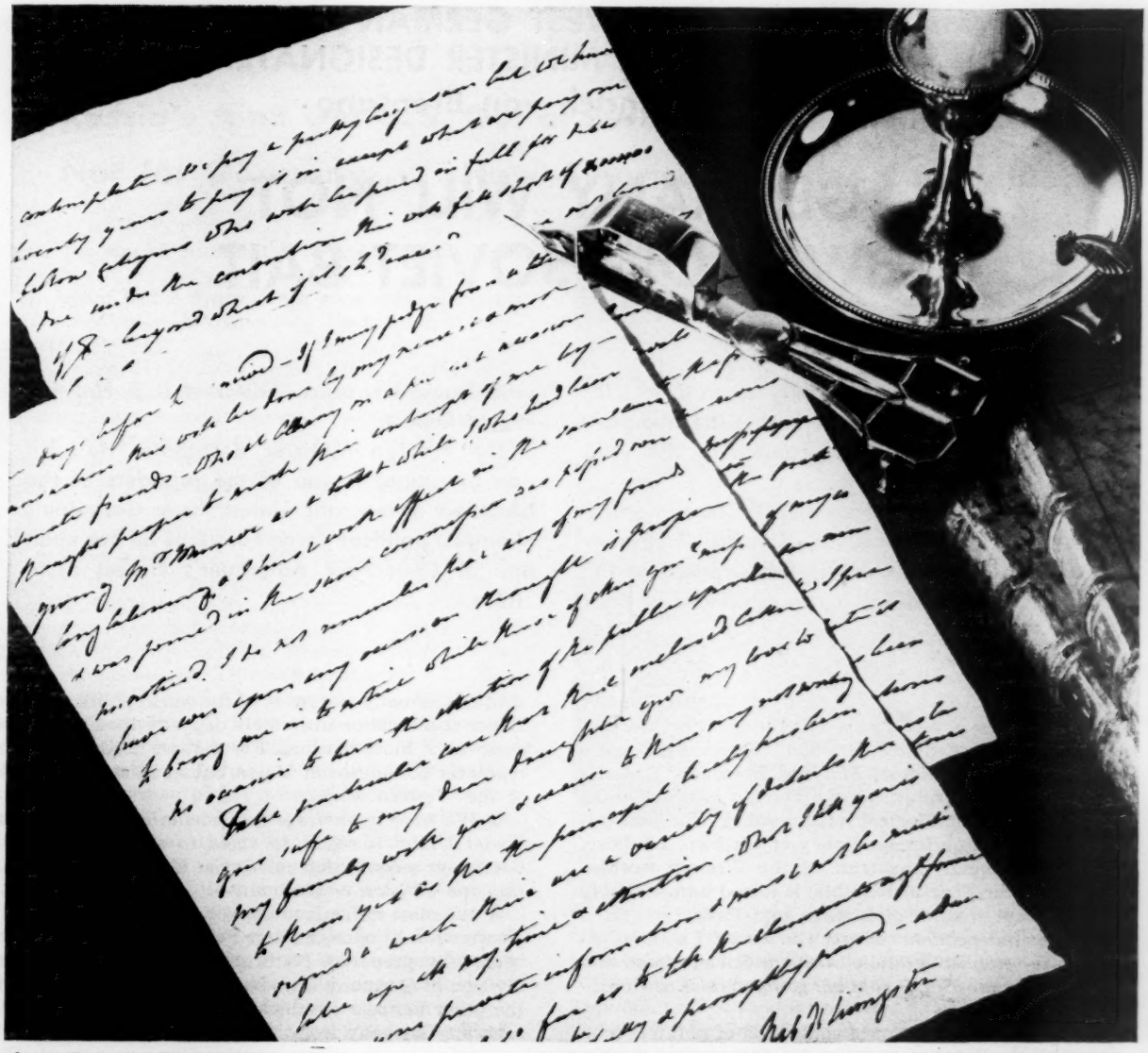
Status of Americans who are still being held prisoner varies widely. Those who had been crew members of the shot-down B-29 were sentenced last November as "criminals," charged with espionage and "seriously jeopardizing the security of China." It turns out they had been held in civil prisons. The Navy fliers have not been publicly charged with anything, presumably have a prisoner-of-war status if now held by the Communists. Of the civilians, some are jailed, others are in "house arrest" and a few are merely denied exit visas. Two, however, are imprisoned as "spies"—one serving a life sentence, the other a term of 20 years.

All these prisoners, and perhaps hundreds of others, however, now are to become pawns in the Communists' latest game of seeking concessions by "peaceful" means.

—Wide World

"DEPORTED" TO FREEDOM: Lieut. Col. Edwin L. Heller, Capt. Harold E. Fischer, 1st Lieut. Lyle W. Cameron, 1st Lieut. Roland W. Parks

☆ *Memorable American Letters...* ☆



Courtesy The New York Historical Society

"We pay a pretty sum," writes Robert R. Livingston to his brother Edward, on May 7, 1803, "but we have 20 years to pay it in." The "pretty sum"—$15 million—was the price he and James Monroe had agreed to pay France for ceding Louisiana. The famous purchase, negotiated in Paris, added to this young nation an area stretching from Mexico to Canada, and from the Mississippi to the Rockies.

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Interview with WEST GERMANY'S FOREIGN MINISTER DESIGNATE
Heinrich von Brentano

GERMANY WILL NOT SWALLOW SOVIET BAIT

Ever since Austria was "neutralized" the world has been asking whether the two parts of Germany would be reunited by the same neutralization formula.

West Germany's Foreign Minister designate, selected by Chancellor Konrad Adenauer, gives the answer of his Government to this and other questions in an interview at Bonn with David Lawrence, Editor of *U.S. News & World Report*.

The Foreign Minister designate, Heinrich von Brentano, is one of the founders of the Christian Democratic Union, now Germany's strongest political party. For years he has been one of Chancellor Adenauer's closest associates.

At BONN, Germany

Q *How does it feel to be chosen the first Foreign Minister of the Federal Republic appointed 10 years after Germany's collapse, Mr. von Brentano?*

A I view the appointment of a Foreign Minister as the result of a clear and logical foreign policy. The possibility of conducting a foreign policy of our own, I believe, proves convincingly the trust of the Western world—with which the Federal Republic is joined unmistakably by the recent treaties of London and Paris.

Q *As an independent country you would, I assume, intend to re-establish relations with the Soviet Union and the Eastern countries. Is that not going to raise new problems?*

A The re-establishment of some kind of political relations with the Eastern countries, I believe, will be a legitimate task of German foreign policy. Such a foreign policy would not be bent on departing from the framework of the treaties with the West. Instead it would be based on the hope that perhaps direct contacts may contribute to a lessening of tension.

However, it goes without saying that such a resumption of contacts is to be prepared and implemented as part of a common policy of the nations which are bound together by the recent treaties.

Q *Wouldn't that include direct talks with Moscow on the question of the reunification, for that indeed is a German concern?*

A Certainly, reunification is a genuine desire of the entire German people. But we know that that problem cannot be viewed and solved for itself in isolation. The split of Germany is a reflex of the world political tension. Hence reunification ultimately depends upon a successful removal of those tensions. For that we need not only the readiness of the Soviet Union but at least as much that of the Western world.

Q *We have to envisage two possibilities: one, that the Soviet Union is ready to agree to the reunification of Germany; second, that the Soviet Union wants to maintain the division of Germany—*

A It's most difficult to answer that question. It can be answered only once the first Four Power conference has been fully prepared. Naturally the continuation of the division of Germany is no basis for a German policy. On the other hand, a reunification of Germany that would separate Germany from its treaty partners would not be a solution but a catastrophe for Germany and, I think, for the world.

Q *A major cause for the recent policy of the Soviet Union, as reports from Moscow and Vienna indicate, is that the Soviet Union fears a rearmed Germany. It's the fear of a rearmed Germany that would act independently. Now that the Western world has overcome its doubts about a limited German rearmament, why should not Russia do the same?*

A It is my personal belief that the main aim of Russian policy does not consist in preventing the setting up of some German divisions which, under the present power relations in the world, could not present a danger to Russia. As the real meaning of present Russian policy I see the clear aim of breaking Germany out of the union of free nations and, in the final

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Russia's Aim: Get U. S. Out of Europe . . . Neutral Role—Not for Germany . . . How American Policies Can Help

analysis, the aim of pushing the U. S. out of the European continent.

Q *In regard to the future, must we not be concerned about the weaknesses of democracy due to internal political warfare?*

A Of course, I can only answer that question with "Yes." Nevertheless, I believe that reason prevails more easily among democracies than under a dictatorship.

Q *That brings me to a matter of anxiety that in the future will affect many of us in America. What if someday the Soviet Union offers not only reunification but also additional territories east of the Oder-Neisse line as a bait to achieve German neutralization?*

A I consider every form of neutralization of Germany as unacceptable. The neutralization of Germany would irrevocably lead to isolation and thereby draw Germany into the stream of Bolshevism.

Q *Which alternative will the Germans eventually decide for—reunification or a divided Germany?*

A The answer to that, I believe, can only be given if we change the question. I do not see any alternative between the reunification and the division of Germany because reunification only has a sound and really durable value for the German people when they know that this reunified Germany can live in absolute security and without any potential danger to its freedom.

I state again: There is no alternative between reunification or division because reunification is a sensible goal of German politics only if the reunified Germany can be free and if this reunified Germany is fully assured of maintaining its freedom. In other words, reunification in itself is only a hollow phrase as long as it is not spelled out as to its ultimate factual consequences.

Q *You would, therefore, prefer real freedom in Western Germany to a reunification under the yoke of the Soviet Union?*

A The question seems to be beside the point. The inclusion of all of Germany in the Soviet sphere of power would not bring reunion but enslavement. In such a state there would no longer exist human dignity, freedom, democracy and the rule of law. And peace, too, would no longer be at home there, because slavery is the most dreadful form of peacelessness.

Q *Many of us believe that wars are not provoked by nations when the people themselves make the decision, but only by a country that is ruled by a dictatorship. Do you believe that the continued existence of democracy is safely secured in Germany and that there is now a guarantee of peace, a guarantee that did not exist formerly?*

A I am convinced that democracy is firmly anchored

—Black Star

HEINRICH VON BRENTANO

in Germany. As all the elections have proved, the democratic forces are so strong that I cannot visualize the return of an open or hidden dictatorship.

Q *Many had the same belief in the days of the Weimar Republic until a serious economic crisis came about. Do you feel the leading groups in Germany and the Western world today are able to resist an economic depression?*

A That question I wish to answer with a firm "Yes." I believe that in Germany and the Western world the danger of an economic crisis is being recognized much more clearly and that one is not going to use the same methods that were applied in the Weimar Republic when, for instance, an economic crisis was fought, but actually intensified, by deflationary measures.

Q *Suppose after the first World War something like the Marshall Plan had been set up. Would you think that would have prevented Hitler from gaining power?*

A I am firmly convinced the political and economic isolation of Germany after the first World War and the ensuing policy of autarchy, which brought about a similar economic policy in other neighboring countries, con-

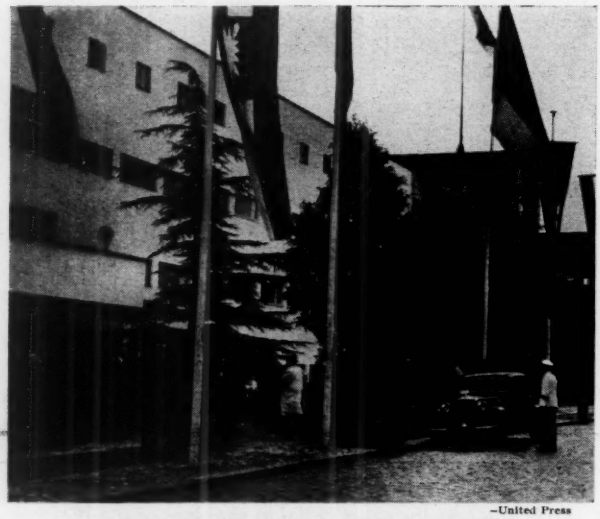
(Continued on next page)

. . . "We are enemies of any form of state capitalism"

tributed decisively to the political catastrophe. I may remind you that, for example, the demand for payment of foreign loans toward the end of the twenties contributed decisively to the economic crisis. The German capital market was not strong enough to reset the balance.

Q *What do you think, Mr. von Brentano, the United States could do to keep Germany sound?*

A The best means, I think, does and will consist of American support of all political and economic tendencies that aim at an intensification of European cooperation. I do not think in the long run any single European country can exist for itself alone. For all European nations, the creation of a larger living space, that is, of a common market for their production, their capital and their labor force, represents the best guarantee against economic crises.



–United Press

THE WEST GERMAN CAPITOL AT BONN
"Democracy is firmly anchored in Germany"

Q *Do you think it will be necessary to reduce the trade barriers between the European countries?*

A In my opinion that is a necessary task. To be sure I recognize one can proceed in that matter only step by step, for any undue haste could cause internal economic crises. The economic structure of the European countries still is largely formed by thinking in terms of the national state. It will require a process of adaptation in order to achieve in other fields what has been started, for instance, in the sector of coal and steel.

Q *Isn't it the same here as in other democratic countries where the opposition could use economic issues to overthrow a government, to create a crisis in order to cause a change in foreign policy?*

A Naturally, that danger exists. Nevertheless, I believe an opposition in Germany also would not be willing to change the basic line of policy once they carried the responsibility. In my opinion, the exploitation of economic crises for partisan benefit is shortsighted and the opposition realizes, too, the danger of such a development.

Q *Would you say in Germany, like in many other countries, the principle has been accepted as part of the political concept that an administration is responsible for the state of economic affairs in a country?*

A Undoubtedly.

Q *Would you say your economic system here in Germany is primarily based on the principles of private capitalism?*

A With good reason we are talking of the principle of a socially determined economy of the market. This means the basis of our economic policy is the full development of private initiative and the individual resumption of responsibility, under the condition that the administration reserves for itself the right to establish the balance between public and private interests with adequate means or, as we say, with means in conformity to market principles. Here lies the difference between the entirely liberal market economy and the socially determined market economy which we aim at.

Q *Would you say that Germany has made a full turn away from the system of state capitalism?*

A We are pronounced enemies of any form of state capitalism. Every form of state capitalism leads necessarily to centralization, the ultimate form of which leads to totalitarianism.

GERMANY LOOKS TO U. S.—

Q *What, according to your opinion, are the main reasons why the people of the United States and Germany should draw more closely together?*

A I believe that I can state that the economic as well as the political concepts of American democracy conform to those concepts we follow today. Furthermore, we know that the future of this continent and therefore of the German people, too, depends to a great extent on whether it will be possible to enlarge and make secure the relations with the United States. That is not a political question alone but a psychological one as well.

Q *There are many people of German origin in America. One meets a lot of people in public life with German-sounding names: for example, in Washington there is a large bookstore under the family name of Brentano—*

A But that is not my family.

Q *Do you believe hereditary ties may be a basis for the feeling of closeness between Germany and the U. S.?*

A I believe that the origin of many people in the United States plays a very important part in the relations between the United States and Germany. But I personally believe that the actual relations between the two peoples are not dependent on such sentimental consider-

(Continued on page 42)

you need a specialist for special steels, too

Winning a battle with a dynamite-packed salmon is a thrill to remember . . . and to *keep* the memory fresh you need the skills of a taxidermist—a *specialist*. With *special steel* applications, too, you'll find your best help comes from a *specialist*.

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. . . "Franco-German friendship is key to European policies"

ations, valuable as they may be, but they depend even more on the rational and political considerations.

Q *How do you see the development of Franco-German relations?*

A I believe that it has really been possible to create the prerequisites for good and friendly relations between France and Germany. Public opinion in both countries is fully convinced that this is necessary and that Franco-German friendship is the key to European policies. The last talks about the realization of the Saar agreements seem to indicate that we are getting closer to one another in a good and promising way.

Q *Is it because the idea of European unity has now taken strong root in Europe?*

A I believe that economic considerations, in spite of

—Black Star

AT THE HELM IN WEST GERMANY

Konrad Adenauer, Chancellor of the Federal Republic, with Heinrich von Brentano, Foreign Minister designate

their importance, are only of a secondary nature. The experience of the past hundred years, I believe, has made both peoples conscious of the fact that they will both be ruined if they do not realize the commonness of their future. Great and essential differences no longer exist between France and Germany. Today there is no other way but genuine unity among free democratic countries in the face of a common danger.

Q *What do you consider a common danger? Is it in the political or economic field?*

A Both. Today politics and economics no longer can be separated. The political problem is an economic question as well as a moral one today.

Q *Are you also of the opinion that economic nationalism has been a great danger?*

A I mentioned before that we must work against the concept of nationalism in economics because the spaces have grown too small for that.

Q *To what degree do you believe will the development toward economic union also bring about political union?*

A Closer economic co-operation calls for closer political union and co-operation. Already today it would be quite unthinkable that the countries united in the coal and steel pool would diverge on basic questions of foreign policy.

Q *Do you mean political co-operation in the form of a superstate or in the form of co-operation among independent, sovereign states?*

A Here opinions differ. I personally consider the development toward a superstate union, even if only in a loose form, an absolute necessity. If the individual states maintain their very problematical sovereignty jealously then they block the path toward each other.

Q *Couldn't this be achieved by a system of confederation?*

A Of course there are various possibilities of how to create it. There is one in the sense of a confederation of states and a solution in the sense of a federation. There also is the merging of states into a larger union. Each of these forms could be used to achieve this policy. In this respect one has to be free of dogmatic concepts.

Q *Do you believe that people now will lose the sense of national patriotism and traditions of their national life?*

A I do not believe that they will give it up. Especially the peoples who wish to maintain their national characteristics and their cultural heritage should be made aware of the fact that they can only realize this goal within the scope of a European union.

CO-OPERATION WITH BRITAIN—

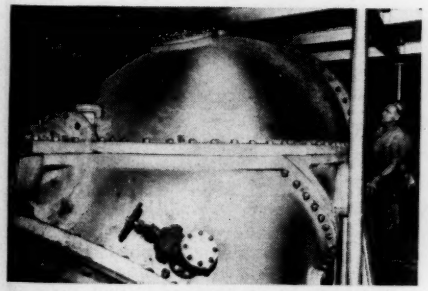
Q *How do you see the future of relations between Germany and Great Britain?*

A The creation of the Western European Union I consider especially important because, for the first time, Great Britain has joined up with continental Europe in WEU. I believe that this form of co-operation, as well as the association between Great Britain and the coal and steel pool, provides a good starting point for a closer co-operation between Britain and the Continent although I do not expect full partnership. I respect the argument of British statesmen regarding Britain's special position resulting from her membership in the Commonwealth.

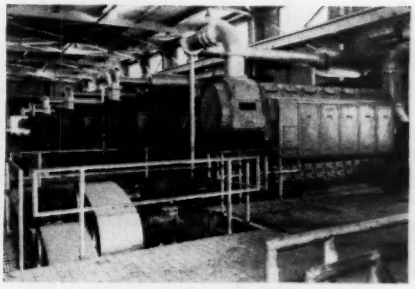
Q *When you read in the papers the arguments of the British Labor Party against German rearmament, do you grow a bit alarmed about future relations?*

A I do not believe there is only one opinion among the members of the Labor Party. I know many influential members of the Labor Party with whom we could continue along the present political lines and I do not believe that the other wing of the Labor Party will, in the foreseeable future, determine the policies of Britain.

World's largest pumping station tames Everglades



Each giant 89-ton pump is equal to the floor space of the average-sized living room. The huge four-bladed, air-foil propeller moves water through the pump at the rate of 360,000 gallons a minute.



Six 1600-hp. Fairbanks-Morse Opposed Piston Diesel Engines insure uninterrupted power for the big pumps, especially during the hurricane season when they will be most urgently needed.

Floridians who have counted their flood loss in thousands of lives and millions of dollars bitterly refer to Lake Okeechobee as the Killer Lake.

Now, with the dedication of the world's largest self-powered pumping station, there is the promise of forever taming the Everglades' rampaging waters.

Located at the southern tip of the lake, the station houses six of the world's largest pumps . . . built by Fairbanks-Morse . . . powered by Fairbanks-Morse Opposed Piston Diesel Engines.

Each pump can deliver over 500 million gallons a day. That's more water than is consumed each day by the entire population of Florida. Put all six of these giant 89-ton pumps in operation and you can pump nearly three times the daily consumption of New York City.

In addition to flood control, this giant pumping installation will help maintain a high fresh water table in southern Florida during the dry season . . . prevent salt water contamination of water supplies in coastal cities . . . and even help stabilize the famous Florida climate.

It's a Big Day at 20-Mile Bend . . . a Big Day for the whole State of Florida. We at Fairbanks-Morse are proud to be a part of one of the greatest engineering projects on the face of the earth.

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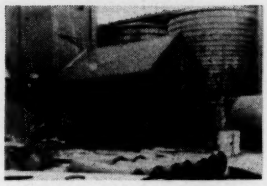
For 50 years, Hooker has been making chemicals from salt and supplying them to industry. Today, nearly 100 different Hooker products help American industry produce the goods this nation eats, drinks, wears, and uses.



1905 . . . Part of original Hooker plant at Niagara Falls. Plant supplied caustic soda and bleaching powder to producers of textiles, pulp and paper in New England.

1955 . . . Niagara Falls plant today is largest of three Hooker plants serving nearly every major U.S. industry. Hooker's original two products have diversified into nearly 100 sold and used throughout the world.

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RUSSIA'S NEW STRATEGY FOR WAR

Intelligence Studies Show Trend to "Surprise Attack"

Soviet commanders are shifting to a strategy of "preventive war" against the West. Their new concept: Hit first or risk defeat.

There is evidence now that Moscow's political and military moves are being meshed for a day of surprise attack.

To gain time for the Russians, the West is being lulled with talk of neutrality, with peace moves in Austria, Yugoslavia and in other parts of the world.

At the same time big, intercontinental bombers, advanced jets, are in production in Russia. Weapons research is being pushed. Troops are being schooled for the offensive.

Moscow is turning away from Stalin's ideas of traditional defense. The idea being developed now: Defense against an atomic attack might be fatal—so the best defense is the ability to deliver a surprise attack.

The change in Soviet strategy is documented in two analyses of recent military articles that have appeared in Soviet military organs. These reports, presented here by *U. S. News & World Report*, were prepared by a former military attaché at Moscow who is now regularly making intelligence analyses of Soviet strategy for one of the Western governments. His identity cannot be disclosed.

The following extracts from an analysis of changes inside the Kremlin show how the Soviet armed forces are being switched from traditional defense to a strategy of "surprise attack" as the best way to defeat the West:

We are witnessing at present the beginning of a renaissance period in Soviet policy and strategy which has at last been freed from Joseph Stalin's iron but already sclerotic hand and from his "inexperienced" pupil, Georgi Malenkov.

The chief moving spirit of this rejuvenating process is Marshal-Premier Nikolai A. Bulganin, who has at last gained the upper hand over V. M. Molotov, the old war horse of Soviet imperialism—a stubborn, untiring but unimaginative fighter for Soviet world domination.

° ° °

The aim of this "renaissance," both in its political and strategic aspects, is to regain for the Soviet Union the possibility to speak from "positions of force," which was lost soon after the last war, thanks to Stalin's stiffness and Molotov's unimaginativeness.

The net result of this policy was that, owing to the U. S. A.'s lead in the political welding of the West and in the rearmament of the West, the scales of balance of power tipped decisively on the Western side.

It was during his trip to China in October-November, 1954, that Bulganin persuaded Nikita Khrushchev of the necessity to change from the insipid co-existence formula to a more active foreign policy and to corresponding changes in Soviet economy, in order to regain the lost political and strategical positions in the world competition between East and West. Mao Tse-tung [the Communist leader in China] helped a lot by his critical remarks on the Soviet Union's dwindling potential and authority in comparison with that of the Western world.

After their return to Moscow, both the new political program and strategical doctrine were polished and, when ready, resulted in the changes in the Government. Early in February, Malenkov, the youngest and most inexperienced of all the top leaders, had to resign and Bulganin took his place.

Soviet marshals and admirals were busy in preparing a new plan for the strengthening of Soviet military potential on the basis of boosted heavy industry, and had to present the leaders of the party and Government with conclusions about the period needed for Soviet military superiority and about the political moves necessary to assure the Soviet Union's security in the meantime.

Bulganin's program and the assessment of the situation made by the marshals were approved by the leaders of the party and Government, and they issued corresponding instructions to the various governmental departments and to the armed forces. These instructions were issued in March, 1955, and during April had already begun to appear in the Soviet military and political press.

It is most interesting to note that, although Malenkov resigned at the beginning of February, there was still not a sign of this revisionism by the end of the month. On Soviet Army Day, many articles were written on political and military subjects by Soviet marshals, but they did not yet reflect the new line.

Even Marshal Ivan Konev, who was in direct co-operation with Bulganin . . . did not say a word about it in his article of February 23, 1955, published by the party official daily, *Pravda*. In his long article on the Soviet armed forces, Marshal Konev limited himself to saying only:

"New, highly increased demands in the preparation of the Army and Navy oblige our officers, generals and admirals to advance resolutely military science. . . . The Army and Navy personnel should be brought up in the spirit of stead-

fastness in battle, of high operational and tactical skill and of bold initiative in the conduct of military operations. . . . If the enemy dared to attack us, the Soviet armed forces would defeat him."

I have quoted Konev to show what an enormous difference exists between these statements made by top Soviet military leaders at the end of February, 1955, and those during April, 1955, and since.

As one more illustration—in some respects even more revealing—I should like to quote some passages on the new trends in Soviet military science from an article written by Major General D. Korniyenko, who is one of the heads of the political directorate of Soviet naval forces in Moscow. He is rather an unpleasant personality, neither intelligent nor imaginative, but strictly servile and noted for his loud repetitions of the official point of view as he has been told it. His article is thus sure to be strictly based on official instructions and is therefore most interesting to read as a reflection of orders received.

Excerpts from his article, which appeared May 5, 1955:

". . . In connection with the appearance of new weapons possessing tremendous force of destruction—the importance of the surprise factor in contemporary war has increased enormously.

"Taking the above into consideration, the Communist Party demands that the whole personnel of our Army and Navy should be imbued with the spirit of maximum vigilance and constant and high military preparedness, so as to be able to wrest the initiative from the hands of the enemy, and, having delivered smashing blows against him, finally defeat him completely.

"Our armed forces must be ready for the most active and decisive actions against an active enemy who is strong, technically well equipped.

"The Communist Party and the Soviet Government exact from all military commanders the casting away of all that is outdated in the system of our tactical and operational preparation, all that no longer corresponds to the new conditions of battle and the introduction of all these new elements which follow from the contemporary development of military and naval art.

"The further development of the might of our armed forces depends on the raising of the level of our military science.

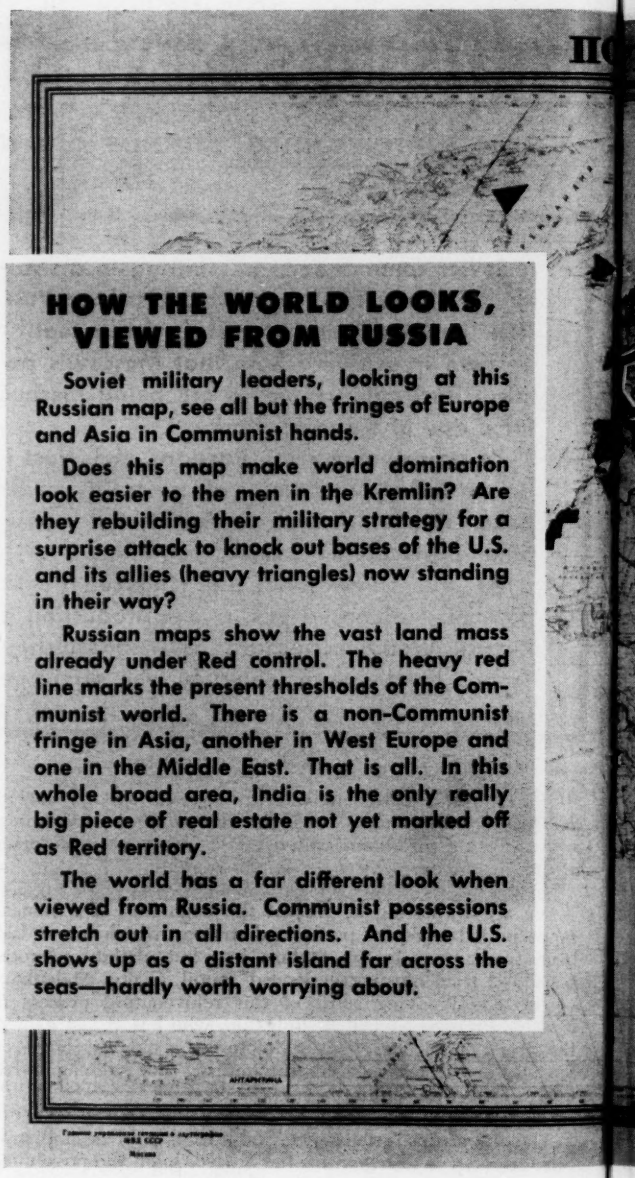
"The leaders of the party and of the Soviet Government have issued detailed instructions about the aims and ways of further development of our military science.

"Our military scientific cadres are now called on to solve with persistence various questions concerning the exploitation of the latest scientific and technical discoveries for military purposes: to elaborate problems connected with the character of contemporary operations and tactics; with the organization, security and conduct of these operations and with the methods of commanding the troops in the new conditions, etc.

"BOLD NEW PRINCIPLES"

"Successful solution of these new problems of military science is possible only on the basis of Marxist dialectics, of daring creativeness, of bold introduction of new principles in the methods of conducting contemporary wars and of the creative analysis of Second World War experiences. This must be not only a theoretical study, but a practical application."

Major General Korniyenko states that the "Soviet State and its armed forces possess these powerful contemporary weapons," and adds that modern warfare calls for stronger morale and discipline. Hence the party and the Government have introduced new measures for the strengthening of the role of commanding officers who would be even more responsible for the battle preparedness of their subordinates and for their political education than before. Contemporary wars are won finally by men who are the better armed with the best weapons and who use them skillfully and are morally stronger. "Soviet warriors must be taught to fight in the most complicated and rapidly changing conditions to overcome a strong and active enemy."



HOW THE WORLD LOOKS, VIEWED FROM RUSSIA

Soviet military leaders, looking at this Russian map, see all but the fringes of Europe and Asia in Communist hands.

Does this map make world domination look easier to the men in the Kremlin? Are they rebuilding their military strategy for a surprise attack to knock out bases of the U.S. and its allies (heavy triangles) now standing in their way?

Russian maps show the vast land mass already under Red control. The heavy red line marks the present thresholds of the Communist world. There is a non-Communist fringe in Asia, another in West Europe and one in the Middle East. That is all. In this whole broad area, India is the only really big piece of real estate not yet marked off as Red territory.

The world has a far different look when viewed from Russia. Communist possessions stretch out in all directions. And the U.S. shows up as a distant island far across the seas—hardly worth worrying about.

* * *

These changes in Soviet military doctrine are not just scattered opinions of this or that marshal, but have been elaborated and issued as instructions by the Politburo. Summing up, we can state that:

- The Soviet leaders consider surprise attack with atomic weapons as a decisive factor in a future war.

• If so, then the Soviet Union cannot afford to be surprised by the enemy because that would be a deadly error.

• Therefore the Soviet Union must be sufficiently vigilant and completely prepared to forestall the enemy by attacking by surprise herself.

To do so it is necessary to:

• Hasten and intensify military readiness.

• In the meantime, pacify the enemy by political means.

• Weaken his will for rearmament and his international military organization.

• Intensify the work of the intelligence services in order to be warned in time.

The above explains the latest Soviet political moves in Europe. Their aim is to force back from the Continent the U. S. and British occupation forces and to establish a neutralized zone along the frontiers of the Soviet orbit in Europe.

Soviet's New Doctrine Is Fed to Troops

A separate report by the same analyst documents the "changes in Soviet military doctrine" now taking place to show that Soviet commanders—fearing that "massive retaliation" from the West may actually mean "massive attack"—are turning away from Russia's traditional defense strategy and are preparing to take the initiative in attack. Following are pertinent extracts from the report that documents the type of war for which the Soviet Union is now preparing:

The territorial changes and political developments which took place after the Second World War, as well as the development of atomic and hydrogen weapons both in the

. . . "Commentators exploit term 'encirclement' against West"

West and in the U.S.S.R., began to induce the Soviet military authorities to revise the main principles of their post-war military doctrine. . . .

Discussions on these subjects must have begun before 1950, and by 1951 they began to appear in the Soviet military press, which shows that Stalin was not against the adjustments of military principles to the new situation.

Theoretical at the beginning, they later began to take a more practical shape and by 1953 opinions were being expressed that Soviet military science cannot remain passive in view of the progress of war technique, and must elaborate new principles not only as conceptions but as a basis for the education of the cadres and training of the troops. This became most apparent in the introduction of instructions for the training of Soviet Army units in atomic warfare and anti-atomic defense measures.

The creation of the People's Republic of China in 1949 raised legitimate doubts about the value of the basic Soviet political and strategic principle of "capitalist encirclement," from which derived their foreign policy, their permanent war economy, economic autarchy and the development of their armed forces.

In August of 1951 the party official bi-weekly, *Bolshevik*, published an article in answer to the question:

"In view of the victory of Communism in several countries around the U.S.S.R., should the principle of capitalist encirclement be maintained or abandoned as no longer valid?" The answer given was that "capitalist encirclement is a political conception and cannot be considered only from a geographical point of view."

Further on, the article stated that capitalist encirclement would exist as long as there would be any non-Communist state in the world. Therefore, until the complete victory of Communism over the whole world, the regime of dictatorship must remain and the armed forces and punitive organs [secret police, etc.] must be maintained and developed. The Marxist "withering of the State" must be postponed until the final victory of Communism the world over.

This controversy continued. Several articles appeared in which the problem was discussed and from which it appeared that the Soviet military commentators do not believe in a geographical encirclement of the U.S.S.R. by the capitalist world, but exploit the term "encirclement" to attack the military measures in the Western world as being aggressive toward the U.S.S.R.

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The principle of growing antagonism among capitalist nations, which is connected with the principle of unavoidable economic and social crises in the capitalist world—as a source of controversies between the capitalist states competing between themselves for the economic markets, which would lead to wars between them—was criticized soon after the war by a prominent Soviet economist, Professor Varga. He expressed his doubts about the inevitability of these crises in the capitalist world. He was disgraced, but later recanted. However, owing to the fact that reality disproved this principle with all its implications, at present it survives in various forms of propaganda about "United States-British conflicts."

Moreover, it has been replaced by a more vigorous principle of "anti-colonialism" or "colonial liberation" movements, applying both to colonies and to the so-called "dependent states"—Latin America and small European countries.

British-U. S. co-operation, Marshall Aid, the North Atlantic Treaty Organization, the Southeast Asia Treaty Organization, the Balkan Alliance, United Nations action in Korea, etc., and finally the Paris Agreements [authorizing rearmament of West Germany] were evident proofs that, instead of disintegrating, the capitalist world is becoming more and more organized and unified. Hence they are being more violently attacked by Soviet and Communist policy and propaganda.

The Principle of Permanent Factors of War Potential and "Blitzkrieg" or "Surprise Aggression."

This principle, used as a proof of the superiority of Soviet military science over that of Germany and any other aggressors, was most insistently propagated after the last war. It was used to prove that, by constantly developing her permanent factors of war potential, the U.S.S.R. does not fear any attempt to attack her by surprise. The aggressor could achieve only temporary gains by means of "surprise aggression," and would inevitably be defeated by the U.S.S.R.'s strategy of "permanent factors."

These permanent factors were: war industries based on a heavy industry staged in depth; general economic stability and self-sufficiency; large reserves of economic and military resources; social and political stability of the state system; well-prepared and numerous cadres of military and administrative leaders; high standards of moral and patriotic feelings of the population, and so on.

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. . . In January, 1954, in a series of articles on "Marxist-Leninism on War and the Army," Colonels G. Fedorov and M. Novokhatko stated that it would be erroneous to maintain that the Soviet armed forces should wage war basically by the same methods used in 1941-1945, because the imperialist powers are capable of creating new methods of warfare, quite different from those of the last war.

Most important, however, was the article by Marshal of the Armored Troops, P. Rotmistrov, published on March 24, 1955, in the Soviet Army daily *Red Star*. . . . His statements can be presented in the following abbreviated form:

Surprise aggression. The danger of a surprise aggression must not be underestimated, the Western armies and navies having considerably increased their technical armament, especially atomic and hydrogen weapons.

Under present conditions, the possibility of a surprise aggression has increased, not diminished, not only because of these powerful means, but because, capitalist economy being unable to sustain a prolonged war, the aggressors would try a "blitzkrieg," or even a "superblitzkrieg."

We must frankly admit that, because of the power of atomic and hydrogen weapons, "in some cases surprise aggression might become a deciding condition for success not only in the initial phases of a war, but even for its final outcome."

This is particularly true for states which cannot offer proper resistance or retaliate owing to their weak economy, lack of preparation or their geographical position. The underestimation of the dangers of modern "surprise aggression" is most harmful to the battle preparedness of the Soviet armed forces.

The above leads to the unavoidable conclusion that "we cannot passively regard these events; we should not lull our military cadres with outdated theories; we must reveal the increasing danger of surprise aggression and correspondingly build up the battle preparedness of our Army, Navy and Air Force."

Finally, we must bear firmly in mind that our aims must be: not to allow the possibility of any surprise aggression on our country; not to allow ourselves to be taken "by sur-

(Continued on page 50)

Dr. Norman Ch'in

...in petroleum, too, everything but the pig's squeal

"I HAVE READ that in a free country, business is more efficient because it must compete successfully to survive.

"I believe this sincerely. For I lived in China, India and Europe before becoming a United States citizen 17 years ago. No one equals Americans for sheer ingenuity in finding better ways to do things.

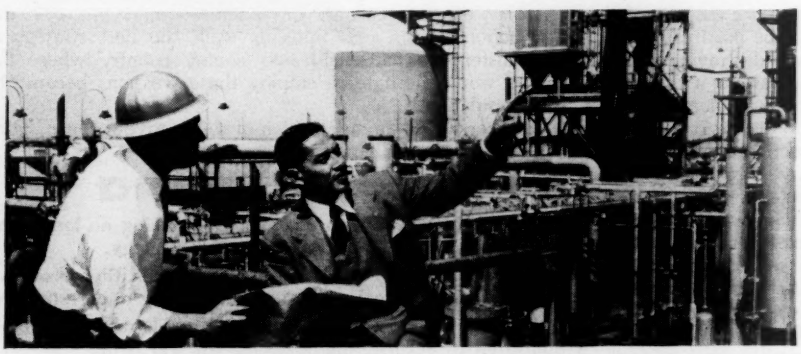
"I am thinking, for instance, of how at Union Oil today we use—as they say in the meat-packing industry—'everything but the pig's squeal.'

"Sulfur is a good example of what I mean. At the start of the Korean War the government put it on top priority.

"Curiously, though, one of the waste products of petroleum refining is a form of sulfur—hydrogen sulfide. We were convinced that we could convert enough throw-away hydrogen sulfide into valuable elemental sulfur to make a special plant worth while. We put it up to management and got a go-ahead.

DR. CH'IN: "NO ONE EQUALS AMERICANS IN FINDING NEW WAYS TO DO THINGS."

"Our project was a success. We now recover about 120 tons of sulfur a day. It was good citizenship, too. Because by creating a new supply of sulfur we're helping to conserve the country's natural resources.



"All this from material once thought the refuse of refining! See what I mean by the ingenuity of us Americans?"

* * * *

Typically modest, Dr. Ch'in does not mention he was process engineer of the original Sulfur Recovery Unit at our Los Angeles Refinery.

This was one of our first steps in diversifying our business through chemical by-products of refining.

But Dr. Ch'in's original point is most pertinent. For it is possible that none of these things would have happened, if we lacked the incentive to find new ways to do a job better than our competitors.

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. . . "Russians adapt 'active defense' principle to atomic war"

prise." On the contrary we must "prepare the readiness and vigilance of our armed forces to such an extent that they would be capable of disrupting any plans of the aggressor and in time defeat them."

(Author's note: It can only be understood from the above that the U.S.S.R. should avoid surprise aggression in attacking by surprise herself.)

Permanent factors. This reversed attitude toward the problem of surprise aggression does not diminish the role of permanent factors on which the final result of a war depends.

But the old Soviet doctrine that the bourgeois states are incapable of building up these permanent factors must be rejected. Many still erroneously believe that, because only the Soviet Union attaches such importance to these factors, Soviet superiority over the bourgeois states is permanent. In fact such theories are harmful because they incline us to be over-confident, slack and less vigilant.

It has been proved that the bourgeois military leaders are also developing these permanent factors in their countries. They call them by other names, but they also believe in the need for stability in their rear, in the need for large armed forces, in their proper conventional armament, in good preparation and training of their military cadres, in proper tactical and strategic skill, in high morale of the troops and of the population, and so on. They are doing everything they can to secure their superiority over the Soviet Union in all these factors.

Although they defend a reactionary, out-of-date, bourgeois system, while we defend a progressive socialist state, we cannot reject the fact that bourgeois military science exists and develops. We must study it, know their principles, their methods of organization and exploitation of their armed forces. We must do it not out of idle curiosity but to discover their possibilities, to find their strong and weak points and their means and methods of battle.

Only knowing this would we be able to oppose them with better, more modern and for them unexpected methods of warfare. (Author's note: The surprise factor of Soviet strategy is again underlined here.)

Principle of space. The old theories about the role of space in the Soviet strategy must also be fundamentally revised in the light of the present situation.

The absurd ideas of many theoreticians that the role of the Soviet Union's great space consists in the possibility of luring the enemy deep into our country and destroying him there is to be rejected entirely as incompatible with the spirit of Soviet modern military science and ideology.

The great territory of the U.S.S.R., the dispersion of its population, of its industries, of its production centers and of all productive forces, served us in winning the war against Germany.

At present, when we are facing the dangers of atomic and hydrogen warfare, we must again exploit in full these favorable conditions of wide spaces to our advantage. Especially when we are facing many capitalist states which possess small territories and highly concentrated industries and population. This space problem and its role in Soviet strategy must be completely revised and re-analyzed to serve us not only in a passive way but in an active form—to bring atomic war into the territories of the enemies, and not to invite the enemy into our territory! There are many ways and means to protect our space from the major calamities of war.

From the above article by Marshal Rotmistrov it can be deduced that Soviet war preparedness is far from being complete and that, to face the dangers of an atomic and hydrogen war, the Soviet Union should prepare in such a way, that instead of being surprised, her forces should be able to deliver the surprise. But to do so, they must still prepare.

This is very different from the general tone of many other Soviet military writers and commentators, who maintain that the Western powers underestimate Soviet strength and overestimate their own forces and possibilities.

Such opinions were expressed by M. Krementsov in his article on the aggressive character of U. S. naval theories, published on March 24, 1955, in the *Soviet Fleet*, and by Rear Admiral Rodionov, also in March, in his article on the U. S. preparations for a trans-polar war. Some Soviet authors even only threaten the U. S. with a complete disaster in the event of their daring to attack the Soviet Union.

In the same spirit, the question of the role of moral factors in modern war must be raised.

With the considerable increase in technical equipment of the modern army, navy and air force, the demand for physical and moral effort of the personnel is much greater than before. Thus the role of morale and of the battle spirit of the troops has increased considerably.

They must be convinced that victory is without doubt. They must be brought up in an offensive spirit and be ready to overcome any difficulties with the aim of defeating the enemy. . . . In atomic and hydrogen warfare, morale would play an exceptional role. Hence, Soviet officers and political leaders must increase their efforts to build up a proper moral strength of their units and of the population.

In 1953 the tactical training and protective training of the Soviet Army against the atomic weapons began on the basis of specially issued instructions. To popularize rapidly the new tactics, the Soviet military press was inundated with a succession of articles on subjects connected with the atomic defense of the troops.

The main ideas were: to dispel the exaggerated beliefs in the effectiveness of atomic weapons against troops in the field and to imbue them with the belief that by proper behavior losses could be considerably reduced; to convince the troops that atomic weapons and radiation should not stop them from moving forward and accomplishing their missions; to imbue them with an offensive spirit: while clinging to the enemy in close pursuit they would be protected from atomic weapons because the enemy would not risk the destruction of his own units as well; the best strategy is to transfer the battlefield into enemy country where the enemy would hesitate to employ those weapons because of the population.

In other words—an adaptation of the "active defense" principle to atomic-war conditions.

Conclusions:

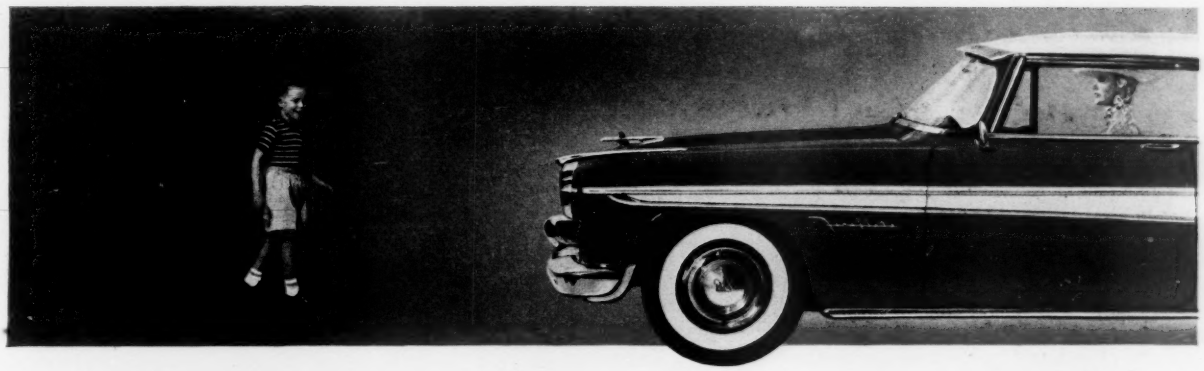
(1) The Soviet Union and her orbit, being no longer encircled, is no more bound to a defensive strategy.

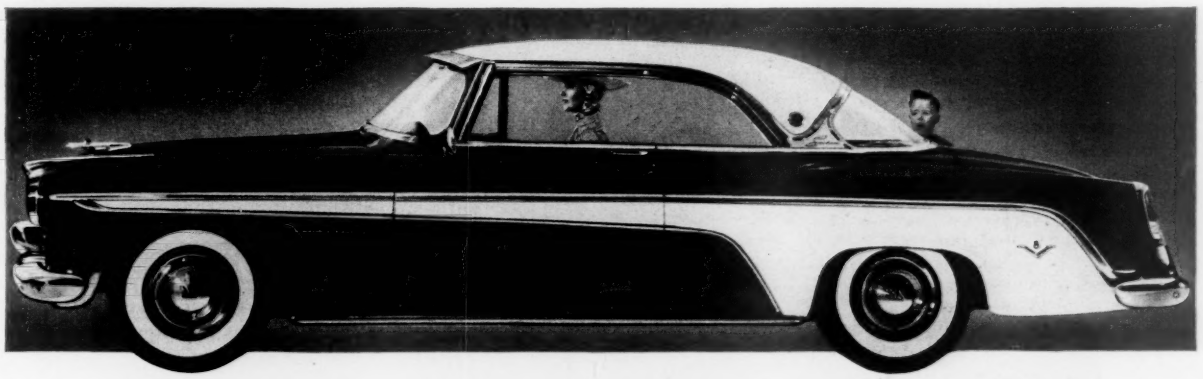
(2) The Western World's war preparations, their economic potential and political solidarity must not be underestimated.

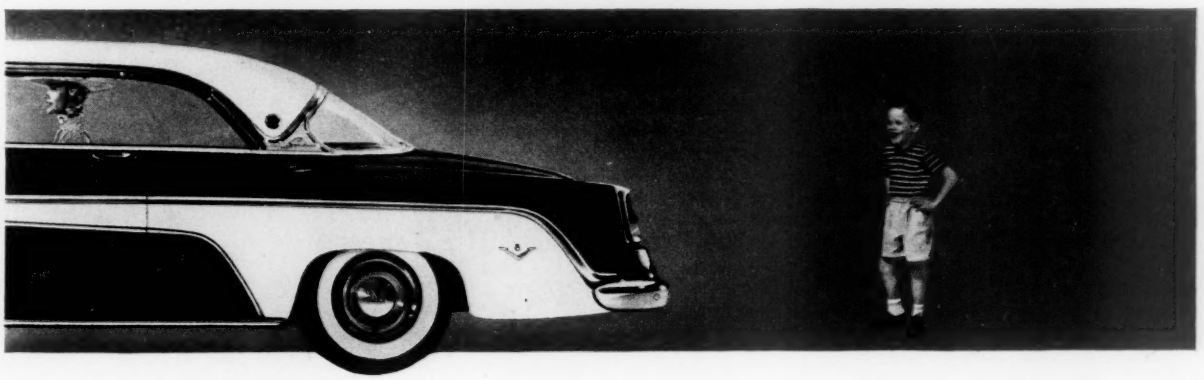
(3) The new weapons—atomic and hydrogen ones—if employed by surprise might decide the war issue.

(4) Thus the Soviet Union must at any price avoid the danger of being attacked by surprise herself, and must continue to increase her strength and weaken that of the enemy, so as to accumulate the power necessary to take advantage of surprise on her side.

(5) Having realized this possibility—to attack the capitalist world by surprise and gain undisputed world domination.







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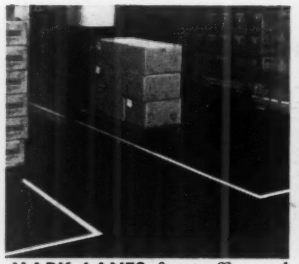

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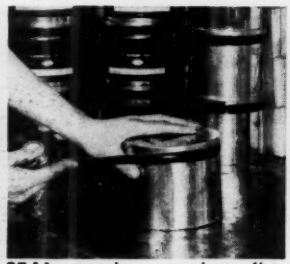

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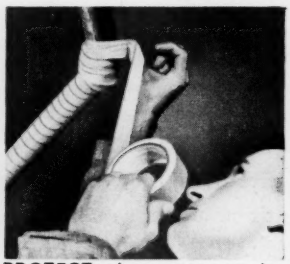

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THE MAN ..Dr. Scheele **THE NEWS** ..Polio Muddle

Troubles of a Health Director

–USN&WR Photo

Who's responsible for the muddle in the Salk polio vaccine program? Some blame Surgeon General Scheele. In the face of criticism, he holds his ground, thinks all will be well now.

THE MAN AT THE MIDDLE of the hubbub over the Salk polio vaccine is Dr. Leonard A. Scheele, Surgeon General of the U. S. Public Health Service. Increasingly, Dr. Scheele has come under fire for the confusion that surrounds the stop-and-go vaccination program.

As director of PHS, Dr. Scheele has many duties. It was one of these that got him into the polio muddle. The law requires that PHS test all commercially prepared vaccines. If they are found safe, pure and potent, the Surgeon General then licenses them for distribution or sale to the public.

Hence, it was Dr. Scheele who gave the original and official go-ahead signal for the Salk mass inoculations. But some children who had been vaccinated developed active polio. The vaccine's safety was questioned. Dr. Scheele stopped distribution—in part at first, later in its entirety—while safer testing standards were worked out.

Questions. Meanwhile, some bewildered parents have grown fearful. In many places, the number of children appearing for vaccination has declined sharply. Questions are asked. Why was the vaccine licensed in the first place, if it was unsafe? How much advance planning and testing was done? Why was a plan for systematic, controlled distribution not prepared in advance, as was done in Canada? And who is to blame for the mix-up?

Many of these questions have been addressed by members of Congress to Dr. Scheele, although many also go to Mrs. Oveta Culp Hobby, Secretary of Health, Education and Welfare. PHS is in Mrs. Hobby's Department. One Senator has denounced the Surgeon General as "incompetent."

Firings seem to be out, because President Eisenhower has come to the defense of what has been done, now expects the mass vaccinations to go forward at an ever-faster tempo. However, Mrs. Hobby's resignation, due to the ill health of her husband, has been predicted repeatedly. Her withdrawal might take some of the heat out of the situation, where congressional critics are concerned. As for the Surgeon General:

Careerist. Dr. Scheele, 47, a hard-working scientist, is a career man in PHS and a Truman appointee. PHS is organized on semimilitary lines. By law, the Surgeon General must be chosen from among the agency's regular "commissioned officers." President Truman appointed Dr. Scheele to the post in 1948. At 40, he was the youngest man ever named Surgeon General and so little known that he was introduced to the President as "Dr. Schultz."

Mr. Truman reappointed him in 1952, and his present term expires next April. He then could be given a third term or assigned to other duties. But, if he were reappointed, some members of the Senate, which must confirm the appointment, would be likely to dig up the history of the present polio-vaccine muddle.

Dr. Scheele's salary is about $17,000 a year, and he presides over an agency that spends some 250 million dollars annually on a variety of health and medical-re-

(Continued on page 54)

–USN&WR Photo

MRS. OVETA CULP HOBBY
Congress was asking questions

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DR. LEONARD A. SCHEELE
. . . career man on the spot

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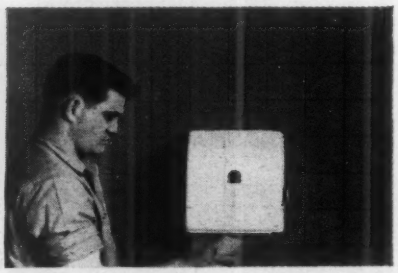

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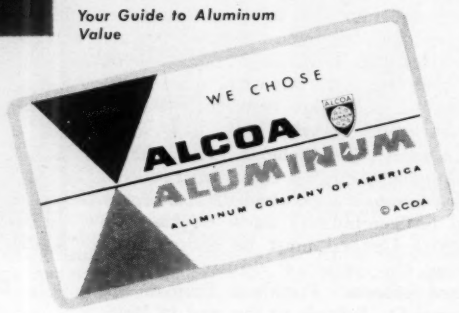

Dr. Scheele works early and late on health job . . .

search projects. The job entitles him to live in a substantial Government-built house at the National Institutes of Health in Bethesda, Md., a Washington, D.C., suburb. The Doctor prefers, however, to occupy a remodeled house in the Georgetown section of Washington.

Dr. Scheele is a big man—6 feet 2 inches, 195 pounds. He is gracious and soft-spoken. He bubbles with energy and, even in more normal times, usually works far into the night, spends much time traveling to PHS's broadly scattered installations.

The Surgeon General is full of enthusiasm for all public-health enterprises, keeps himself closely informed on all of them, is always ready to discuss their progress and their difficulties. This is especially true of his own specialized field, cancer research.

The way up. As a careerist, Dr. Scheele has been in PHS since his graduation from medical school. His boyhood was spent in Fort Wayne, Ind. He completed a premed course and received his A.B. degree at the University of Michigan in 1931. Two years later, he was graduated *cum laude* from the Wayne University Medical School at Detroit.

Dr. Scheele served his internship in the Chicago PHS hospital and then was commissioned in the regular corps of the service. After several years of routine assignments, he was ordered to the National Cancer Institute for advanced training in cancer diagnosis, treatment and research. World War II interrupted that and took him to North Africa and Italy and later to the Allied military government in Northwest Europe.

In 1945, Dr. Scheele was back at the Cancer Institute. He became its director in 1947 and then, a year later, moved into the top PHS job. The service is involved in many enterprises.

Polio planning. PHS scientists have been in the thick of the development of the polio vaccine from the start. In 1953, they were at the Connaught Laboratories in Canada. A polio preventive was under development there, but later it was abandoned for other methods.

Last year, the PHS men, with Dr. Scheele supervising their activities, cooperated closely with Dr. Jonas E. Salk in developing his vaccine and in the 1954 test inoculations. They helped evaluate the results of those tests and prepare plans for a broader vaccination program.

These men also were concerned with safety standards, worked them out with Dr. Salk and independent scientists. With the spectacular announcement of the 1954 results, it was thought that the

. . . Health men were in on first polio safety tests

testing requirements had been refined to a point of maximum safety. Dr. Scheele gave the go-ahead, authorized licensing.

It was here, as many see it, that the slip-up came. A belief arose that the tests were not sufficiently rigorous. Some vaccine seemed to be giving polio to children who were receiving it. Dr. Scheele, insisting that everything was all right, cut off distribution from one laboratory and then, for a time, from all.

Tracing a slip-up. At PHS, it is said that what was wrong probably will never be known. A group of distinguished scientists, including Dr. Salk, was called in to supplement the work of PHS's "biologics control" section, which has primary responsibility for tests preliminary to licensing.

There were late-night and all-night sessions. It was decided that testing methods suitable in the production of relatively small quantities of vaccine were inadequate when applied to big-scale commercial manufacture. Specifically, it was thought that to test the end product only was not enough. There must be checks in the early phases and in the middle of the production process as well.

Dr. Scheele called in the pharmaceutical companies that had been licensed to produce the Salk vaccine and explained the new safety standards. There was some objection to instituting the new checks. One company in particular demurred. But, finally, all agreed to go ahead on the new basis.

It also developed that PHS thinks the Act of 1902 under which it licenses vaccines is inadequate. Enforcement always has rested upon the co-operation of the pharmaceutical companies and while, for the most part, this has been generously given, there have been lapses. Legislation has been introduced to modernize the old law.

The blame? At PHS they will tell you that no individual can be blamed for the Salk vaccine "snafu"—so many were involved. Throughout, Dr. Scheele has emphatically expressed his faith in the usefulness of the vaccine, despite his orders interrupting the inoculations. Both he and President Eisenhower now are convinced that the program can go ahead.

Obviously, however, many parents, although hopeful, still are wary, suspicious, waiting for much greater reassurance than Dr. Scheele thus far has given them, before co-operating in the broad inoculation program originally planned.

For Dr. Scheele's statement on the polio muddle to a congressional committee, see page 56.

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Surgeon General Answers—

HOW SAFE FOR YOUR CHILD IS POLIO VACCINE?

Here you get the official answers about polio vaccine.

Can a parent get polio from a vaccinated child? Will the second shot be more dangerous than the first? Does the vaccine stop all types of polio? How much immunity can the first shot provide? Is it lasting?

These and other questions were put to the top officials of the Public Health Service by members of Congress.

In what follows are the answers—from Dr. Leonard A. Scheele, U. S. Surgeon General, and Dr. William H. Sebrell, Jr., Director of the National Institutes of Health.

Following are extracts from the transcript of hearings held by the House Interstate and Foreign Commerce Committee on May 25-27, 1955:

Representative Wolverton [Charles A. Wolverton (Rep.), of New Jersey]: I am just trying to find out whether there is a deficiency in the formula of Dr. Salk or whether it is in the manufacture of this formula.

Dr. Sebrell [Dr. William H. Sebrell, Jr., Director, National Institutes of Health]: So far as I can tell, Mr. Wolverton, it is not in the formula, it is the difficulties of manufacture, a very difficult thing to manufacture even under the best of circumstances.

* * *

Representative Hinshaw [Carl Hinshaw (Rep.), of California]: Mr. Chairman, I would like to inquire as to those figures which were published as to the probability of immunity of those who would take a complete course of vaccine. . . . I believe, if my memory serves me correctly, it was from 60 to 90 per cent.

Dr. Scheele [Dr. Leonard A. Scheele, U. S. Surgeon General]: I was thinking of giving you something a little more scientific than this gross estimate of end result.

There are three types of poliomyelitis viruses called types 1, 2 and 3. The vaccine is made up by the use of those three viruses killed with Formalin [formaldehyde] and preserved in certain other ways.

Type 1 virus infection is our commonest form of polio infection. In the case of the field-trial tests, it appeared that the vaccine being used at that time was approximately, so far as one could build a round number on it, 60 per cent effective.

For types 2 and 3, it was 80 to 90 per cent effective.

This means in effect, then, if in any given community there was type 1 virus at a given moment, more children who had been vaccinated came down with polio naturally than would have, let us say, if it had been type 2 or type 3.

Representative Hinshaw: When you speak of type 1, type 2 and type 3, are you referring to paralytic or bulbar polio?

Dr. Scheele: No, sir, I am speaking now about identifiable types of virus which we call polio virus. The bulbar is the effect of the virus on the human body. Bulbar—we may have polio virus in our bodies with no signs or symptoms. The child or adult may go on without any problem. In fact, every one of us, certainly every one of us in the cities, is exposed to and acquiring within our own bodies a lot of polio virus every year. This is why we develop natural immunity.

This is why, as years pass, we get older and get to the point of 45 or so and no more polio occurs because we have antibodies and we have lost susceptibility.

Another form of polio may be this sort of minimal thing which I mentioned, no muscle weakness, no difficult breathing or otherwise, but only some superficial things like a runny nose, diarrhea, headache and increased cell count. This is called nonparalytic polio.

Then there is polio which attacks the nervous system and indirectly, therefore, causes weakness in certain muscles. It may be limited to an arm or one or two muscles in the leg or back.

Then the more serious form in which there is involvement of the brain, often affecting the breathing center, and this is called bulbar polio because of the portion of the brain it attacks, and frequently then the necessity for placing such a person in a respirator to help him artificially to breathe and the possibility, in some of those cases, of death.

Representative Hinshaw: Is it possible for a single type, such as type 1, to cause all of those forms of polio?

Dr. Scheele: Yes, sir.

Representative Hinshaw: And type 2 may cause them and type 3 in turn may cause them?

Dr. Scheele: Yes, sir, although there are in the types 1, some of the type 1s are somewhat more virulent, they attack, they cause a bit more paralytic and bulbar than type 3.

We do not know what the ratios are. We cannot say that 90 per cent of the bulbars and 90 per cent of the paralytics are in type 1 compared with types 2 and 3, but there is usually more virulence in the type 1 and they will turn up more often in the typings done on cases which are going in any particular epidemic.

Representative Hinshaw: Now, you say that even after inoculation it can be expected that 40 per cent of those inoculated may suffer some form or another from type 1 virus?

Dr. Scheele: Yes, sir. This would be the case if the vaccine in use today provided exactly the same amount of average antibody response that the vaccines used during the field trial did.

Now, there are some scientific facts here which have a

. . . "First injection gives substantial degree of immunity"

bearing on this. There is a possibility that the vaccine being used today is somewhat more effective against type 1. It is likely it is more effective against type 1 than was the field-trial material.

During the field trials, it was thought that the use of Merthiolate as a preservative in the finished lots of vaccine to hold down the growth of molds or bacteria that might be there, as an antiseptic, as it were, was a procedure that was important to follow so all of the field-trial vaccines contained this material.

It was found, however, early last winter and during the winter—and possibly there was some suggestion of this even in the late field-trial period, except it was not quite known what the cause was—that the Merthiolate seemed in some way to be affecting the part of the vaccine called antigen, which is the material which when injected into the body causes it to develop antibodies in the body. It somehow made it less able to work.

° ° °

What Second "Shot" Does

Representative Hinshaw: Can you say what degree of immunization should be brought on by a single first shot of vaccine?

Dr. Scheele: No, sir, I cannot tell you what level it would be in relation to the three [types of polio] in terms of proportion, but I can say this very positively, and I have talked to Dr. Salk about this within the last few days as a result of an inquiry by your chairman.

Dr. Salk informs me that, in most children, the first injection gives a rather substantial degree of immunity and a rather lasting degree of immunity and will last for several months.

It is preferable to have the second one because the second one has an enhancing effect on the immunity level, and then finally, after seven or eight months, the third one, which is called the booster dose, which gives an additional level of antibody level and undoubtedly will increase the actual time that it will last.

Representative Hinshaw: How long does it take for that level to build up from the antigens or antibodies that are created in the system?

Dr. Scheele: . . . It would attain its maximum or nearly its maximum elevation probably in about four weeks.

° ° °

Representative Hinshaw: When did these cases [of polio among vaccinated children] show up, in how many days or weeks?

Dr. Scheele: Most of them showed up, had some first little symptom, in 7 or 8 days, and those that developed paralysis developed it 2 or 3 days later.

In other words, a spread of about, well—if we count the time that they had for first elevation of temperature, first fever—7 or 8 days on the average. But there has been some spread of 8 or 9 or 10 days.

Representative Hinshaw: Then they could not have achieved much immunization by the time that polio showed up?

Dr. Scheele: That is correct.

° ° °

Dr. Scheele: Mr. Chairman, may I say one additional thing for the record, an extension of the comments on the protective value of the vaccine and the protective value of the first injection.

There has been some misunderstanding on the part of some parents who somehow or other have gained the impression that if their child has received only one injection, he may have greater susceptibility to polio than if he had had none.

In other words, the fact of inability to go on for the moment with the second dose and later with the third dose may have increased his jeopardy to polio. We can say very positively that the children who have had their first injection are not—their risk to polio if the vaccine is all right, naturally, will develop in most cases immunity which will give them an advantage. In other words, there is no increased hazard by virtue of having had that first injection.

° ° °

Representative Staggers [Harley O. Staggers (Dem.), of West Virginia]: . . . Has it been determined as to the extent of time for which this will immunize a child if he is given the correct number of injections? Is it a lifetime immunization or over a period of years?

Dr. Scheele: There is no way, really, to determine that except to have that lifetime pass. Dr. Salk has given material to some children as long as two or three years ago, and they are still maintaining a very high antibody level. No one can predict whether that is going to last for 10 years, that high level, or 20 years or 30 years. Time alone can answer this question.

° ° °

Representative Hinshaw: I understand that in the Salk field trials in 1954, 422,743 children received the Salk vaccine. Is that correct?

Dr. Sebrell: Yes, sir.

Representative Hinshaw: And that dummy injections were given to an additional 201,229? I think you called them placebos?

Dr. Sebrell: Yes. That was a control group. The placebos had no effect in immunizing the children.

Representative Hinshaw: And during the vaccination period, 90 cases of polio symptoms were reported among those who received the vaccine, is that correct?

Dr. Sebrell: I believe that is correct, sir.

Representative Hinshaw: And in the following two weeks 39 more showed up, thus making a total of 129 cases of presumed polio between May 1, 1954, and four weeks later?

Dr. Sebrell: That is correct, sir.

Representative Hinshaw: In the course of those trials, was any Cutter vaccine used?

Dr. Sebrell: No Cutter vaccine was used in those trials.

The Cutter laboratory had prepared vaccine for the trials. It had been tested in the triplicate testing and it had passed. But because of a curtailment in the size of the study, the Cutter vaccine was not actually used in the trial.

Representative Hinshaw: In the observed areas, 76 vaccinated children were reported as showing polio symptoms, but, of these, 56 cases only turned out to be polio, or in the ratio of 25 per 100,000.

Dr. Sebrell: Yes.

Polio and "Dummy" Injections

Representative Hinshaw: And in the areas of dummy injection, 82 who had received the dummy vaccination were reported as showing polio symptoms, and of these, 57 cases were polio or 28 per 100,000, is that correct?

Dr. Sebrell: That is correct.

Representative Hinshaw: Then, finally, upon analysis, the first 90 cases were excluded from later evaluation?

Dr. Sebrell: I believe that is correct.

(Continued on page 58)

. . . Vaccinated child give polio to parent? "It is possible"

Representative Hinshaw: May I inquire why the 90 cases were excluded?

Dr. Sebrell: Well, you understand, sir, that this is Dr. [Thomas] Francis's report and these exclusions were based on the criteria they were using in the study. I am not sufficiently familiar with the rules he used, or the logic he used, in including or excluding cases to testify as to all the reasons why they were not included. Perhaps Dr. Scheele can add something.

Why Some Cases Were Excluded

Dr. Scheele: Without rereading a portion of the report, I cannot answer the question with a specific answer, but I can mention some of the kinds of things that lead to exclusion. There were some children that received only one injection, and they were excluded. There were other children who received injections of material that was found not to have high potency in producing antibodies. It obviously would be unfair to include such a case if polio occurred in it in the grouping of cases that came through properly with inoculated children. There were factors of that sort that led to these exclusions, and I think they were appropriate exclusions to make.

Representative Hinshaw: I understand in the test area, 303,201 persons were not inoculated and that 157 cases of diagnosed polio were reported out of this total or, I believe, it was 3 times the rate of incidence of those which were inoculated. In other words, approximately 50 per 100,000.

Dr. Sebrell: I believe that is correct.

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Representative Hinshaw: In other words, that reduction in the incidence of polio among those who were vaccinated, who received the vaccine, would indicate that if the vaccine were widely used, that many fewer children, certainly, would be subjected to the incidence of this disease?

Dr. Sebrell: That is certainly correct. I don't believe anyone has ever said that this is a perfect vaccine. We have been very careful not to say that. It will not give 100 per cent protection based on this evidence. But it gives enough protection so that it is certainly going to prevent polio in some children, if we can believe the data that Dr. Francis presented. I have great confidence in him. He is an eminent scientist. He had an eminent group of people working with him, of statisticians. I feel we can place confidence in this report of Dr. Francis.

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Representative Beamer: [John V. Beamer (Rep.), of Indiana]: . . . Is that true that occasionally a certain community would have a larger incidence of polio than maybe a neighboring city or county?

Dr. Sebrell: That is right. And it varies from year to year. It will be bad the one year and light the next year in the same area. It varies as to when it occurs. It varies in the effect on different age groups and different parts of the country. It comes at a different time in different areas of the country.

Representative Beamer: And that is unexplainable yet?

Dr. Sebrell: Yes. We are pretty sure that the disease is transmitted by a live virus that is transmitted from person to person, getting from him to a susceptible individual. I would like to point out just one statistic that I think we should all keep in mind, that the Salk vaccine has now been given to more than 5 million children. And even including the tragic so-called Cutter incident, there are not more than, including that around 100 or, I guess, 110 cases altogether in this more than 5 million children.

Representative Beamer: Is that a decrease over previous years?

Dr. Sebrell: Well, it is too soon to tell how effective the vaccine is. I am merely pointing out how safe it is. This is a very safe product on this basis, even including this concentration of cases apparently related to one particular product.

Representative Beamer: Is it too soon to determine the number of cases in comparison to previous years?

Dr. Scheele: We have data on the number of cases to date in comparison to others. It is very difficult to make a prediction about what is going to be happening in August or September.

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. . . We measure the polio season as beginning April 1. There are cases in January, February and March, but these are considered to be the spread cases that have come from the epidemic of the previous year. It is the sort of windup of the polio year.

Beginning April 1, and counting the seven-week period which ended May 21 of this year, there have been reported 986 cases.

Representative Beamer: In 1955?

Dr. Scheele: That is correct, sir. The median for the period 1950 through 1954—in other words, the average of a five-year period—in that same seven-week period is 582. So the incidence is higher this year than it has been in the median year over a five-year period.

How Polio Varies by States

Representative Harris [Oren Harris (Dem.), of Arkansas]: Has that been average throughout the country, or what?

Dr. Scheele: This gets spotty when you break it down. For example, Maine had one case this year, and it had no cases in the five-year period. There are other instances.

Here is one in Texas. Texas has had less than the median. Texas has had 139 cases so far this year, and in the median period of the five-year period 189. It moves up and down. In Arkansas there are 13 cases so far in 1955 in the seven-week period, and it had eight cases as the median previously.

Representative Harris: Go across the country. How about New York?

Dr. Scheele: New Yorkers had twice as many cases as the median. They have had 56 cases in the seven-week period compared to 26 in the five-year median. It is a variable sort of thing. It is difficult, always, to predict where we are going five weeks after that time.

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Representative Williams [John Bell Williams (Dem.), of Mississippi]: . . . I am informed that a newscaster . . . related the story of a 35-year-old father of one of the children who had been inoculated having contracted polio shortly after that child was inoculated, and dying as a result. The inference that might be drawn from that . . . was to the effect that there was a possibility that, even though the child may not have contracted polio as a result of the inoculation, that nevertheless perhaps he transmitted that to his father. Doctor, have you progressed far enough in your tests to tell whether that is possible, or is it just utterly impossible?

Dr. Scheele: We think it is possible. I don't know that we can ever prove it. We have to prove a relationship between some virus being excreted by the vaccinee to the virus

(Continued on page 60)

(Advertisement)

Oil and the Crises of Our Times

by MARGUERITE HIGGINS

Famous Foreign Correspondent

In the short space of a decade I have been an eyewitness to four hot wars and have observed innumerable crises of the cold war. Each crisis has underlined for me our world's dependence on oil.

On one of my first assignments to war, I became conscious of oil's role in combat. My first flight to the front in World War II was made on an air force cargo plane ferrying oil and gasoline to General Patton's 3rd Armored Division—the tanks had outrun the slower-moving supply trucks.

When Germany surrendered, I interviewed many of the top Nazis and always asked them this question: "What, in your opinion, was the decisive factor in the war?"

Reichsmarshall Hermann Goering, Nazi Luftwaffe chief, answered that it was "the bombings, because they destroyed our oil. At the end," the Nazi air chief continued, "fuel was so short that we couldn't get our planes into the air to defend our cities." Germany's state-controlled oil industry failed when the chips were down.

During the war in Korea, I went ashore with the Marines at Inchon. This was the surprise beachhead assault behind enemy lines that broke the back of the North Korean Army. And during the amphibious landing one of the first things brought ashore was oil. Without oil we would have been unable to maintain our mobility and thus exploit the advantage gained by this imaginative operation.

In Indo China, the Communists mined the roads almost nightly. In Northern Indo China many areas became isolated pockets that could be supplied only by airlift. Without the fuel to keep those planes aloft, the Communists in Indo China would have won much more, much earlier.

The vest pocket war between Chiang Kai-Shek's Nationalists and the Communist Chinese was the scene for one of the strangest experiences of my war correspondent's career. I went out on patrol aboard a *motorized sampan!* Our fuel? Gasoline!

Marguerite Higgins, world famous war correspondent interviews Brig. Gen. John S. Bradley near Korea front lines. In her article "Maggie" points up ever-increasing reliance of the free world on America's oil industry.

In the past few months I have toured the citadel of the cold war, Soviet Russia. I journeyed nearly fourteen thousand miles by automobile, plane and rail. It was with special interest that I made comparisons, for I am aware that in the crises of the future, as in the past, America's oil industry can spell success or failure, victory or defeat. As could be told from the lines waiting at Russian service stations (for gasoline is still in short supply) and the knock in my car engine, the totalitarian nations have many five year plans to go before they can match in quantity and quality the oil produced in America's free competitive society.

This is one of a series of reports by outstanding Americans who were invited to examine the job being done by the U. S. oil industry. This page is presented for your information by The American Petroleum Institute, 50 West 50th Street, New York 20, N. Y.

. . . "If child has fever, he probably should not be vaccinated"

being excreted by the second case. . . . There have been some 40 cases of that type that we have entered into our record as having occurred. It is likely that they are spread from virus excretions. Whether the virus excretion in any given case has come from the vaccination or whether the individual was excreting virus anyway, no one could ever prove.

Representative Williams: That has not yet been established, I presume?

Dr. Scheele: That is correct. We are dealing here with delicate balances within the community level between groups of individuals and the challenge of a virus, whatever the source, whether that be natural to the community or otherwise.

On Safety Factors in Vaccine

Representative Williams: The second question, Doctor, is with regard to the vaccine itself. Is it necessary to keep this vaccine refrigerated when it is stored?

Dr. Scheele: It should be kept refrigerated, but that does not mean that it cannot be off refrigeration a part of the time during shipment. The advantage of keeping it refrigerated is that it retains its potency better than it would if kept at room temperature.

Representative Williams: As I understand it, this vaccine is made up basically of dead polio virus, is that correct?

Dr. Scheele: That is correct.

Representative Williams: As I understand it further, every precaution is taken to see that all of this virus is dead or inactive, as the case may be, that the Cutter incidence was suspected of being the result of live virus having gotten into the vaccine. Is that the situation?

Dr. Scheele: The epidemiological evidence points in that direction, that there were quantities of live virus that had not been detected by the safety tests. The safety tests were negative on those lots of vaccine. With the end result, one suspects that there may be virus.

Representative Williams: In cases where there may be vaccine which had been infected with a live virus to a very minute degree, there is a possibility that a child may be given that vaccine and yet not contract polio, because his system manages to shake that off, is that right?

Dr. Scheele: Yes, sir. Many people have a certain level of natural immunity that they have acquired over the years.

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Representative Priest [J. Percy Priest (Dem.), of Tennessee, chairman of the Committee]: . . . Does the body temperature, say, of a child, at the time of the inoculation have any effect on the effectiveness of the inoculation one way or another, or on the vaccination, maybe I should say.

Dr. Scheele: I do not think we have any scientific data on that. I doubt that it would have much effect, if any. There is one very important medical point. If a child has a fever, he probably should not be vaccinated.

° ° °

The reason for not vaccinating, one reason, is if the child has fever maybe it is coming out of polio, and one might just as well wait until that fever ends and then go ahead with the vaccination.

° ° °

Representative Rogers [Walter Rogers (Dem.), of Texas]: . . . Dr. Scheele, if the child has received the first vaccination, and the parents are disturbed by what has transpired here in the past several weeks, what assurance can be given them that most of the danger of the child getting any polio from a shot, if polio was caused by the vaccination, is lessened insofar as the second shot is concerned?

Dr. Scheele: Well, in the first instance, the children who have been vaccinated have all now pretty well run out the incubation period, the maximum incubation period, that we know of in polio. So they are not going to get polio from the first injection now. The other thing is that, of those who had these injections, the majority of them will have developed some antibodies that they did not have before. In other words, they have more protection within their bodies than they would have had if they did not have it. While they will not have the maximum protection that we would like to have them have after the second and third injection, they will have had enough, most of them, after one injection, to be able to take a pretty heavy assault of polio virus without coming down with polio. In other words, they will have had successful vaccinations.

Representative Rogers: In other words, there is no reason why a child who has had the first vaccination should fear the second.

Dr. Scheele: No, sir.

Representative Hinshaw: I think you should repeat that, because that is a very important question.

Representative Rogers: I want that shown. I have one child who had a fever after the first shot, and you can imagine my concern. But many of the parents are hesitating as to whether or not their children should submit to the second shot. I would like to see the American people assured that that first shot has provided the child with certain antibodies that would measurably lessen any possibility of polio from the second shot, even if you could ever determine that the shot is what caused the polio in the first instance.

Dr. Scheele: As a matter of fact, the children who have had the first injection would be able to take a greater assault of virus no matter what the source might be, and they should have the second injection because they will have just that much more protection in their blood streams if they come in contact with polio.

"No Reaction to Vaccination"

Representative Rogers: Let me ask this, too. If they have not developed any serious reaction insofar as the polio area is concerned from the first shot, that would be a very clear indication that the shot was not going to affect them, whether it was the first, second or third?

Dr. Scheele: That is correct, sir; yes, sir. Incidentally, on fevers, I might say one additional thing. Of course, everyone is on edge, and every time one child is sort of a little off his eating or something else, or has a fever, if he has been vaccinated, one thinks of the vaccination. But there is no reaction to the vaccination itself. It does not cause fever. There are a lot of other viruses floating around the country at the moment. Right here in the District of Columbia, there are some of these APC [adenoidal-pharyngeal-conjunctival] viruses that are hitting the kidneys pretty hard, the pediatricians tell us, at the present time. We need some vaccines for that, too, and are working pretty hard for that.

Representative Rogers: Does the reaction from the polio vaccine create a fever?

Dr. Scheele: No, sir, it does not. There is no effect, except possibly a little sting in the arm from some of the material that may leak a little bit along the track.

Representative Rogers: Had I known that earlier, I probably would have been a little less frightened when my child had a fever from some other virus.

For an article on Dr. Scheele and his job, see page 53.

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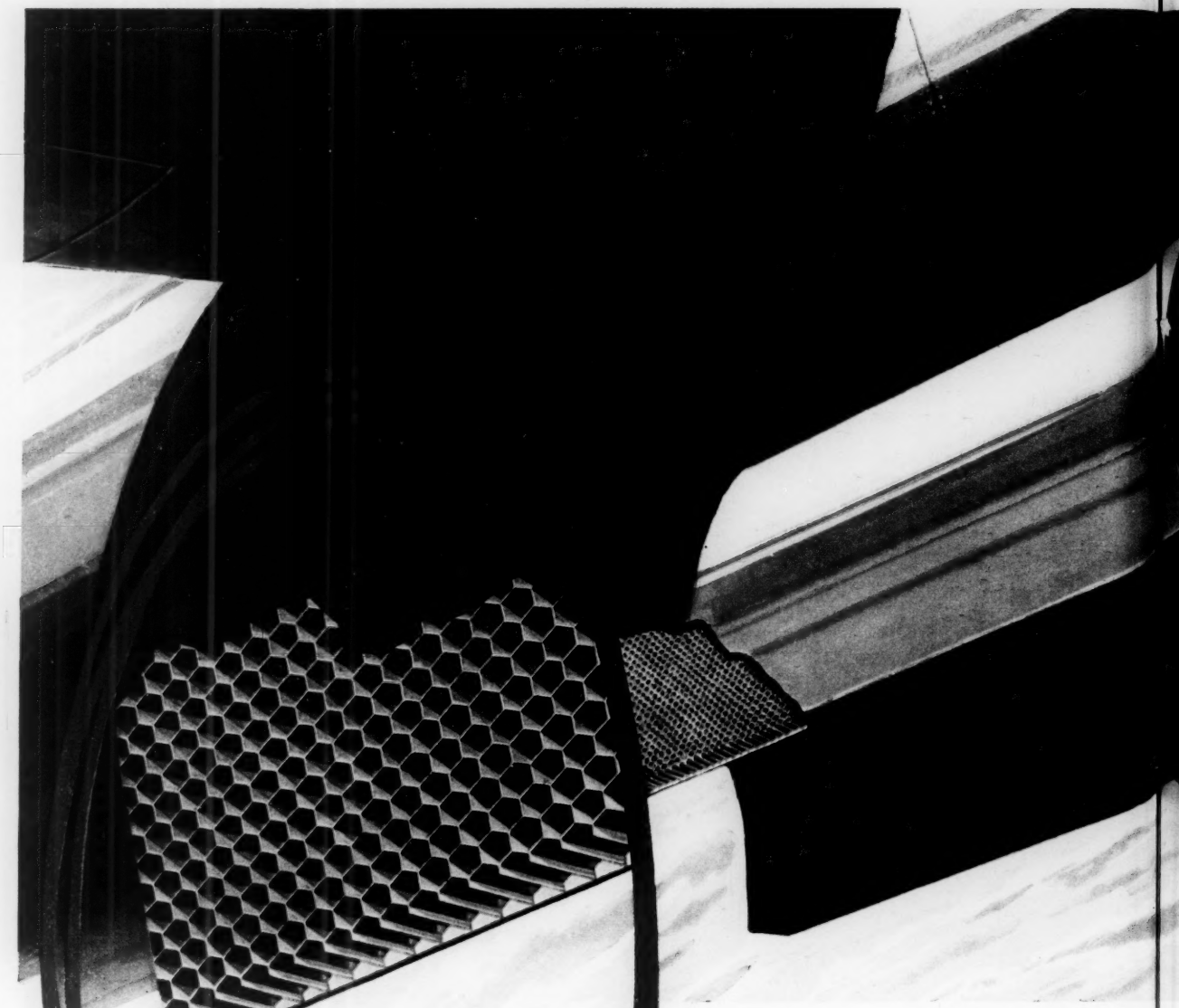

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WHEN SOVIET BOSSES LEAVE HOME...

They Bluster, Bumble—and Miss Their Bid for Tito

"Is this the best they've got?"

That's what Western observers ask after watching Soviet chiefs in Yugoslavia.

Russians, on inspection, showed up as inept, suspicious, brusque—given to blunders.

They're not very sharp at the conference table or at social affairs.

Khrushchev is the boss and wants everybody to know it. He doesn't seem to care what he says—until it's too late.

Premier Bulganin acts like a trained stooge who knows his place—behind the boss.

General impression: As world leaders they don't appear to amount to much.

BELGRADE

The three top men of Russia came out from behind the Iron Curtain, paraded themselves in Yugoslavia, bargained, then left again—leaving the world somewhat the wiser.

So far as anyone can tell, strong man Nikita S. Khrushchev made little progress in his effort to win Yugoslavia's Marshal Tito back to the fold of the Russian empire.

What he did do is to show that the men of the Kremlin can crawl as well as bluster. And he demonstrated, for all to see, that Marshal Nikolai A. Bulganin, Soviet Premier, is at best the No. 2 man in Communist Russia's hierarchy.

It is Khrushchev who does most of the talking, Khrushchev who steps out in front—leaving Bulganin two paces to the rear—and Khrushchev who bows and scrapes or bullies and blusters as the occasion seems to require.

Emerging from the Kremlin into the wide world beyond Moscow and the Iron Curtain, Russia's big shots cut a less impressive figure than many in the West expected of them.

Actual incidents occurring during their visit show—better than anything else—the quality and attitudes of the men who now run the Soviet Union.

● The best opportunity for Western diplomats to see and hear the Russians at close range was at a reception given by Tito at his palace.

Khrushchev kept talking practically all the time, and was at his blunt and sometimes insulting best. As various diplomats came in, he never budged from his seat—though Bulganin frequently rose from his chair to walk over a few feet to toast a newly arrived ambassador. The toasting appeared to be Bulganin's department. Bulganin was the straight man while Khrushchev indulged in his heavy humor.

Khrushchev got into a sparring match, through an interpreter, with U. S. Ambassador James W. Riddleberger, who sat at his right. And the Russian came out a very poor second.

When Khrushchev remarked on "the McCarthy problem" in the U. S., Mr. Riddleberger answered: "Every country has its internal problems. I seem to remember a short time ago someone by

Russo-Yugoslav Talks: The Results

BELGRADE

The meeting between Soviet and Yugoslav officials ended on June 2, 1955, with the signing of a joint declaration that included the following:

■ **Red China.** Communist China should "receive its legitimate representation in the United Nations."

Communist China's "legitimate rights" on Formosa should be "satisfied." The statement did not define "legitimate rights." No mention was made of Chiang Kai-shek's Nationalists, now in possession of Formosa.

■ **Germany.** The future of Germany should be determined through "agreed settlement of the German question on a democratic basis in conformity both with the wishes and interests of the German people and with the interests of general security."

■ **Coexistence.** The two countries support the "development of peaceful coexistence among nations, regardless of ideological differences . . ."

■ **Disarmament.** "Both governments are agreed that all nations should make further efforts to achieve positive results and agreements in negotiations on questions so vital for the peace of the world as the reduction and limitation of armaments and the prohibition of atomic weapons."

■ **Russian-Yugoslav future.** The negotiators recognized that "in recent years mutual relations have been gravely disturbed," and "firmly resolved to conduct their future relations in a spirit of friendly co-operation." They agreed to the following:

"To take all necessary measures for the establishing of normal treaty conditions which will provide a base for . . . co-operation between the two countries in all the fields in which the two countries are interested . . .

". . . To take the measures necessary to do away with the consequences arising from the disruption of a normal treaty basis in the economic relations between the two countries."

[continued]

WHEN RED LEADERS LEAVE HOME—

the name of Beria." Khrushchev changed the subject.

When Khrushchev said the American Ambassador could not understand the workingman's problems because he had no personal connection with the working class, Mr. Riddleberger answered: "On the contrary, I was brought up in the Virginia cornfields—and not only worked in the fields but used to work as a house painter and carpenter." Khrushchev changed the subject again.

When Khrushchev scoffed at America's desire to "lead from positions of strength," the American diplomat answered: "I remember a few years ago when the Russians operated from positions of strength—at the time of the Berlin blockade." Khrushchev changed the subject again.

● Practically everyone present listened in on that exchange, and Russian spirits were dampened for a while. After Mr. Riddleberger left, Khrushchev told the Belgian Minister that Belgium could not carry out its policies without American consent.

"Do you think you are really a free country?" Khrushchev asked.

"Yes, of course," replied the Belgian.

"I'll bet you wouldn't say that if the American Ambassador was still in the room," Khrushchev said.

"Why, of course I would," the Belgian said. "I'll go out and get him to come in again, and you'll see."

Khrushchev dropped that subject too.

● At the reception, Soviet Deputy Premier A.I. Mikoyan sat next to Mrs. Tito the entire evening—but talked with others, barely paying attention to her.

Soviet Deputy Foreign Minister Andrei Gromyko spent much of his time making sarcastic remarks about the U.N.

Even the Russian interpreter put his foot in it. At one point he noticed a small man with a black mustache trying to edge his way into the conversation. Turning to him and pointing, the interpreter said in a voice loud enough for everyone to hear, "Who are you?"

The man turned out to be Koca Popovic, Yugoslavia's Foreign Minister.

● Khrushchev's attitude changed, at least for a good part of the time, when he got out into the country and toured factories and other industrial installations. He seemed to try harder to impress the workers than to impress the diplomats—though even the workers were generally apathetic and sometimes sullen.

At times, Khrushchev acted like a beaming salesman, keeping up a constant stream of genial patter. Often, however, it seemed as though these phases were just afterthoughts to a lapse of good manners and good tactics.

Thus, at one factory Khrushchev strode unsmilingly through the installations without speaking to a single workman. At the next factory he entered the canteen and talked good-humoredly with members of the workers' council.

When the Yugoslav protocol officer notified him that time was short, Khrushchev said with a big smile: "There, you see? Just when we start having discussions in a full atmosphere of understanding, protocol has to cut it short."

Then he turned to the protocol officer, and said: "Don't be offended, Mr. Protocol. I know you are only doing your duty."

● Through most of the trip, Khrushchev did practically all of the talking for the Russians, and interrupted Bulganin frequently when the Soviet Premier tried to get a word in edgewise.

At one factory, when the Russians were handed a visitors' book to sign, Khrushchev grabbed it, signed it with a flourish—then thrust the book into Bulganin's hands and said: "Here. Sign this."

—United Press

AMBASSADOR RIDDLEBERGER, NIKITA KHRUSHCHEV, MARSHAL TITO AND NIKOLAI BULGANIN
Khrushchev did most of the talking; Bulganin did the toasting

● Bulganin seemed conscious sometimes of not getting into the limelight as much as Khrushchev.

Once, when a photographer snapped a shot of Khrushchev holding up his hand, Bulganin—who had been out of range—walked over, raised his hand in the same gesture and motioned to the photographer to take another one.

Both Khrushchev and Bulganin got used to photographers in numbers and aggressiveness that they had never experienced before. At one point of their tour, four or five photographers actually stood on the running boards of their car and flashed bulbs in the faces of the Russians.

● The Russian leaders became painfully aware of how Westernized the Yugoslavs have become since the 1948 split.

Yugoslavs were also surprised—and a little shocked—at how the Russians looked and talked. And many Yugoslavs said so.

Tito's reception showed up the difference. The Russians came to this very formal reception dressed in ordinary and generally ill-fitting suits. But Tito wore a flashy cream and gold uniform. The other Yugoslavs wore tuxedos.

One Yugoslav summarized the reunion this way: "It's the feeling a man gets who has been divorced from his wife for about seven years—then sees her for the first time since the divorce, married to another man. He thinks: 'Good heavens, could I really ever have been in love with that woman?'"

● Khrushchev was not averse to showing his boredom when he felt like it. At a concert given in the Russians' honor, he fidgeted constantly through the first of two compositions, then talked through the second.

When the concert was over, he went to the maestro, pumped his hand once, and walked away quickly. Bulganin, in his frequent role of smoothing things over after Khrushchev, then approached the maestro and talked with him.

● In the countryside, Khrushchev found another way to relieve his boredom—wrestling.

On a country road near Bled, the Soviet procession was stopped by a flat tire. While it was being repaired, Khrushchev took Mikoyan to a nearby field and wrestled playfully with the Soviet Deputy Premier to while the time away.

Khrushchev, who is 61, told an onlooker: "I'm a strong man." He added: "I feel very well, but life is very short and there is so much to do. You have to live it up. Go places. Meet people. See things."

● At a vodka and caviar reception given by the Soviet Embassy just before the Russians departed for Moscow, Khrushchev "lived it up"—so much so that he had to be helped to his car when the party broke up.

At that moment, he peered around and saw some foreign journalists.

"Come to Moscow," Khrushchev called out happily. "All of you, come tomorrow. I invite any journalist who wants to come."

A German newsman said: "I'm from West Germany. Can I come, too?"

Khrushchev roared: "Yes, you too. I am not afraid of the devil himself!"

● Western diplomats talking with Khrushchev and Bulganin for the first time agreed generally that the intellectual caliber of the two men was lower than expected. One diplomat said: "Khrushchev just seems to bubble over with talk. You get the impression that he talks far too much to be really aware of what he is saying."

Neither impressed Yugoslavs or foreign observers as having the force or brilliance of Stalin. Many Western observers found it very hard to believe them capable of running a country of 200 million people. A diplomat who had served once in Russia and knew its former rulers, said: "These are second-raters compared to people like Stalin and Molotov."

And another diplomat summed up his feeling about the visiting Russian leaders by saying: "I certainly would not want them running my country."

—United Press

MARSHAL TITO (CENTER) CHATS WITH MESSRS. KHRUSHCHEV AND BULGANIN
Neither impressed Yugoslavs as having the force or brilliance of Stalin

Interview with DEPUTY PRIME MINISTER OF TURKEY
Fatin Rustu Zorlu

WHAT RUSSIANS ARE UP TO NOW

What's behind this big Soviet drive for a truce with the U. S. and its allies?

Why is Moscow pulling its troops out of Austria—and hinting at even more retreats? Has the Kremlin really reformed?

For answers to these questions, *U. S. News & World Report* interviewed Turkey's deputy Prime Minister, Fatin Rustu Zorlu.

This statesman, fresh from talks with Yugoslavia's Tito and others, is an expert in sizing up Moscow's strategy.

His own country, on the Soviet doorstep, has fought many wars with Russia. And it has watched Russia's every maneuver for centuries.

Mr. Zorlu gives below his estimate of what Kremlin peace talk really amounts to.

Q What do you make of the Russians' latest moves in Yugoslavia and elsewhere, Mr. Zorlu? Have the Russians had a real change of heart?

A Of course, we would be very happy to see a change in the essence of their policy. But I don't think, so far, we have seen anything like that. There are some yardsticks the West can use for judging the results—and one of these would be a genuine Russian effort for disarmament under effective international control.

What they are trying to do now is not a sign that they are giving up their old policy.

Q Have the Russians been making friendly overtures to Turkey, too?

A They are following everywhere their present general policy without any exceptions.

Q How many times in the past has Turkey fought Russia?

A How many times in history? In the last three centuries, we have had a disagreement every 10 or 15 years. In the last 40 years, we have had no fight with Russia.

Q And you're not afraid of them?

A No. Like every peace-loving country, we want to live in peace. But when we are attacked we are never afraid to defend ourselves. And we have no fear or complex about Russia. Unfortunately, we have had to fight Russia in the past—but successfully.

Q You have a military treaty with Yugoslavia—

A Yes. Two or three times a year we have joint military staff conversations.

Q How do you feel about the meeting of Russia's top leaders and Marshal Tito in Belgrade?

A Russia is following its general policy in Yugoslavia, too—and I think that we must have confidence in Yugoslavia.

Q You don't fear that Tito will yield to Russian wooing —that Yugoslavia will become a Soviet satellite again?

A We don't think so. We think his position is quite fixed there.

Q How about your relations with Yugoslavia at this moment?

A I think they are all right. Our Prime Minister, Adnan Menderes, was there a few weeks ago, and we had very friendly conversations in line with our alliance.

Q Why are the Russians working so hard to set up a neutral belt in Europe? What are they up to?

A There is a sign that they have changed their tactics because they saw very clearly, after gaining all the satellite countries, that they cannot advance more in this field without going to war with the Western powers and the U. S. And now they are changing their policy—to convert more territory, on which the defense of the West will depend, into neutral territory.

This situation creates the problem of whether these neutral territories will obtain North Atlantic Treaty Organization guarantees of protection against attack. If they obtain that guarantee from NATO, or the United States, everyone will ask for neutrality because it gives them protection without a reciprocal obligation to NATO. This would encourage defections from the Western Alliance, and jeopardize our line of defense.

On the other hand, if we don't give any guarantee of protection to these neutral countries, then they would be at the mercy of Russia—and infiltration by local Communist parties. These parties, even when they are a minority, can maneuver themselves into power, with the underground aid and support of Russia. They will say to NATO: "You cannot interfere in the affairs of this state."

We saw this subversion take place in other unprotected countries. They have been subjugated and the Communist minority was never more than 20 per cent, or even less. That 20 per cent was able to subjugate the whole country.

Q Do the Russians risk something in giving up their foothold in Austria? Why did they finally sign a treaty after so many years of hanging on there?

A We don't know now. If they are sincere—since we haven't seen any sign of a change in their policy—if they are sincere, they will accept disarmament and withdraw their forces from Czechoslovakia and other countries around Austria. Then it will be a big success, this Austrian treaty.

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How "Neutrality" Hurts Defense of West . . . Tito Expected To Stick With Allies . . . Free Austria Faces New Dangers

But, if they concentrate their forces in Czechoslovakia, Rumania and Hungary and all around Austria, then we will know that it is just sham. If the Russians don't accept a controlled general disarmament, then the Austrian position will always be very weak because the American and British forces will be withdrawn, too.

As a result of this, Austria will be in need of a strong Army—which can be built only with foreign aid. Austria is not in a position to build a strong Army by its own means, like Switzerland or Sweden—those countries are very mountainous and they have more facilities for defending themselves.

The peace treaty for Austria can be a good step forward, but it can be a dangerous step, too—if there is not a change in the essence of Soviet policy. We will see, perhaps in the coming days, what is the true essence of Soviet policy.

Q You did not mention Bulgaria, which is on your Northwest border. Aren't Russian troops in Bulgaria, too?

A We don't know what the real situation is, but we know that there are Russian troops there. They have all the bases there—and airfields and submarine bases.

Q And in the Mediterranean, there's Albania—

A Albania is important, too. It depends on the Russians for help. Albania can be a very strong submarine base.

Q Do the Russians have a submarine base there now?

A Surely.

Q How would Soviet submarines reach Albania? From the Baltic and around Europe?

A Through the Baltic—or through the Black Sea, because passage of submarines is not very difficult.

Q Much of the Russian Navy operates in the Black Sea, doesn't it?

A Oh, yes. One half, even more, of the Russian Navy is concentrated in the Black Sea area.

Q What kind of warships do the Russians have there?

A They have many submarines. They have battleships, cruisers, destroyers—

Q And satellite warships?

A Bulgarian and Rumanian, too. They have very small fleets.

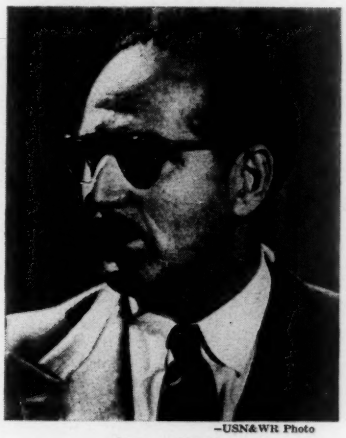
Q What about your own fleet—how does it measure up against the Russian and satellite navies?

A At present we have a very old battleship—it dates from 1912—and we have some modern destroyers.

Q You have mine layers—

A Yes, and we have some submarines.

Q How strong is the Turkish Army now?



—USN&WR Photo

MR. ZORLU

A We have about 20 divisions assigned to NATO, and five additional divisions also are earmarked for NATO.

Q What about the Turkish Air Force—how strong is it?

A It is programmed according to NATO force goals, and we have already jet fighter-bombers, interceptors and we will have all other kinds of airplanes which are used in your Army for tactical purposes.

Q Why are you visiting the U. S. at this time?

A I came here with the NATO Council, and we are discussing some problems of military and economic aid which concern the United States and Turkey.

Q Are those problems being solved?

A Not yet.

Q Just how much aid is going to Turkey now?

A The past year we received 70 million dollars, and 25 million of this is military support, and 45 million dollars is economic aid. The entire sum is destined, directly or indirectly, to strengthen the defense effort of Turkey.

Q And more is needed?

A Concerning my country, we need military aid as quickly as possible to enable Turkey's Army to reach a 100 per cent level of efficiency.

Q What about Western defenses generally in your part of the world—aren't there still some gaps?

A I think there are some gaps, but we must close them up. We must make it stronger.

Q Turkish and Greek troops stage joint maneuvers as members of NATO—

A Yes, all the time.

Q What about Iran—doesn't that leave a gap between Turkey and Pakistan?

A Yes, but the Turkish-Iraq pact is set up for the defense of the whole area, and it is a solid starting point for this purpose.

Q Without Iran?

A Yes, but it would be better if we had Iran, too, in this pact, because Iran is a friendly country and is on the side of democracies.

Q On the whole, do you think the Western Alliance is trong enough now so people can start to relax?

A I think we ought to do our utmost to strengthen NATO, and we must do many things to increase its military strength. We must consider NATO as a whole. The NATO strength resides mainly in the U. S., of course—in your potential, in the atom bombs, in the potentialities of the NATO plan.

On the other hand, the NATO countries are trying to set up some shields everywhere to support the first shock and enable the U. S. to deploy its forces in due time.

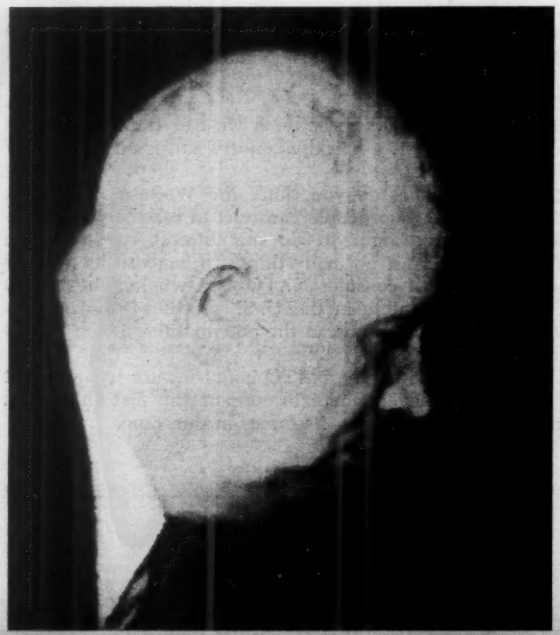
THE FACE OF RUSSIA'S No. 1 MAN

PHOTO REPORT

This is the face that has replaced Stalin's as the symbol of Communist power. Stolid, peasantlike, crafty, it belongs to Nikita S. Khrushchev, Russia's party boss and real ruler.

Well in the background are Russia's No. 2 man, Premier Nikolai A. Bulganin, and Anastas I. Mikoyan, who ranks third.

Khrushchev emerged from behind the Iron Curtain to court Marshal Tito of Yugoslavia. Here, as he turns on the charm, Communist style, you can study the face of the No. 1 man in the Kremlin.



—United Press, International, Wide World

For the Court:

CHIEF JUSTICE WARREN ON SCHOOLS

Following is full text of the decision of the Supreme Court on the segregation issue as delivered on May 31, 1955:

MR. CHIEF JUSTICE WARREN delivered the opinion of the Court.

These cases were decided on May 17, 1954. The opinions of that date, declaring the fundamental principle that racial discrimination in public education is unconstitutional, are incorporated herein by reference. All provisions of federal, state, or local law requiring or permitting such discrimination must yield to this principle. There remains for consideration the manner in which relief is to be accorded.

Because these cases arose under different local conditions and their disposition will involve a variety of local problems, we requested further argument on the question of relief.* In view of the nationwide importance of the decision, we invited the Attorney General of the United States and the Attorneys General of all states requiring or permitting racial discrimination in public education to present their views on that question. The parties, the United States, and the States of Florida, North Carolina, Arkansas, Oklahoma, Maryland and Texas, filed briefs and participated in the oral argument.

These presentations were informative and helpful to the Court in its consideration of the complexities arising from the transition to a system of public education freed of racial discrimination. The presentations also demonstrated that substantial steps to eliminate racial discrimination in public schools have already been taken, not only in some of the communities in which these cases arose, but in some of the states appearing as *amici curiae,* and in other states as well. Substantial progress has been made in the District of Columbia and in the communities in Kansas and Delaware involved in this litigation. The defendants in the cases coming to us from South Carolina and Virginia are awaiting the decision of this Court concerning relief.

Full implementation of these constitutional principles may require solution of varied local school problems. School authorities have the primary responsibility for elucidating, assessing, and solving these problems; courts will have to consider whether the action of school authorities constitutes good faith implementation of the governing constitutional principles. Because of their proximity to local conditions and the possible need for further hearings, the courts which originally heard these cases can best perform this judicial appraisal. Accordingly, we believe it appropriate to remand the cases to those courts.

In fashioning and effectuating the decrees, the courts will be guided by equitable principles. Traditionally, equity has been characterized by a practical flexibility in shaping its remedies and by a facility for adjusting and reconciling public and private needs. These cases call for the exercise of these traditional attributes of equity power. At stake is the personal interest of the plaintiffs in admission to public schools as soon as practicable on a nondiscriminatory basis. To effectuate this interest may call for elimination of a variety of obstacles in making the transition to school systems operated in accordance with the constitutional principles set forth in our May 17, 1954, decision. Courts of equity may properly take into account the public interest in the elimination of such obstacles in a systematic and effective manner. But it should go without saying that the vitality of these constitutional principles cannot be allowed to yield simply because of disagreement with them.

While giving weight to these public and private considerations, the courts will require that the defendants make a prompt and reasonable start toward full compliance with our May 17, 1954, ruling. Once such a start has been made, the courts may find that additional time is necessary to carry out the ruling in an effective manner. The burden rests upon the defendants to establish that such time is necessary in the public interest and is consistent with good faith compliance at the earliest practicable date. To that end, the courts may consider problems related to administration, arising from the physical condition of the school plant, the school transportation system, personnel, revision of school districts and attendance areas into compact units to achieve a system of determining admission to the public schools on a nonracial basis, and revision of local laws and regulations which may be necessary in solving the foregoing problems. They will also consider the adequacy of any plans the defendants may propose to meet these problems and to effectuate a transition to a racially nondiscriminatory school system. During this period of transition, the courts will retain jurisdiction of these cases.

The judgments below [the Court had under consideration five cases involving segregation in Kansas, South Carolina, Virginia, the District of Columbia and Delaware], except that in the Delaware case, are accordingly reversed and remanded to the District Courts to take such proceedings and enter such orders and decrees consistent with this opinion as are necessary and proper to admit to public schools on a racially nondiscriminatory basis with all deliberate speed the parties to these cases. The judgment in the Delaware case—ordering the immediate admission of the plaintiffs to schools previously attended only by white children—is affirmed on the basis of the principles stated in our May 17, 1954, opinion, but the case is remanded to the Supreme Court of Delaware for such further proceedings as that court may deem necessary in light of this opinion.

It is so ordered.

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*Further argument was requested on the following questions, 347 U. S. 483, 495-496, n. 13, previously propounded by the Court:

"4. Assuming it is decided that segregation in public schools violates the Fourteenth Amendment

"(*a*) would a decree necessarily follow providing that, within the limits set by normal geographic school districting, Negro children should forthwith be admitted to schools of their choice, or

"(*b*) may this Court, in the exercising of its equity powers, permit an effective gradual adjustment to be brought about from existing segregated systems to a system not based on color distinctions?

"5. On the assumption on which questions 4 (*a*) and (*b*) are based, and assuming further that this Court will exercise its equity powers to the end described in question 4 (*b*),

"(*a*) should this Court formulate detailed decrees in these cases;

"(*b*) if so, what specific issues should the decrees reach;

"(*c*) should this Court appoint a special master to hear evidence with a view to recommending specific terms for such decrees;

"(*d*) should this Court remand to the courts of first instance with directions to frame decrees in these cases, and if so, what general directions should the decrees of this Court include and what procedures should the courts of first instance follow in arriving at the specific terms of more detailed decrees?"

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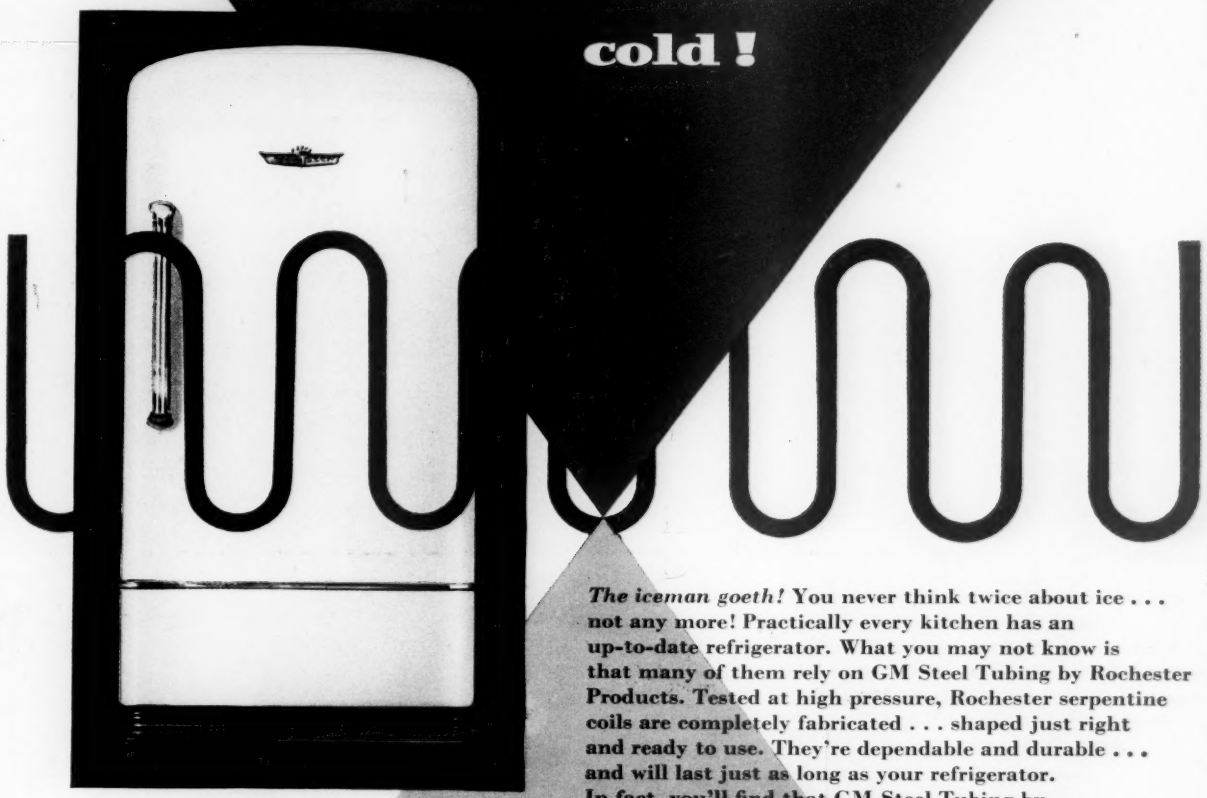

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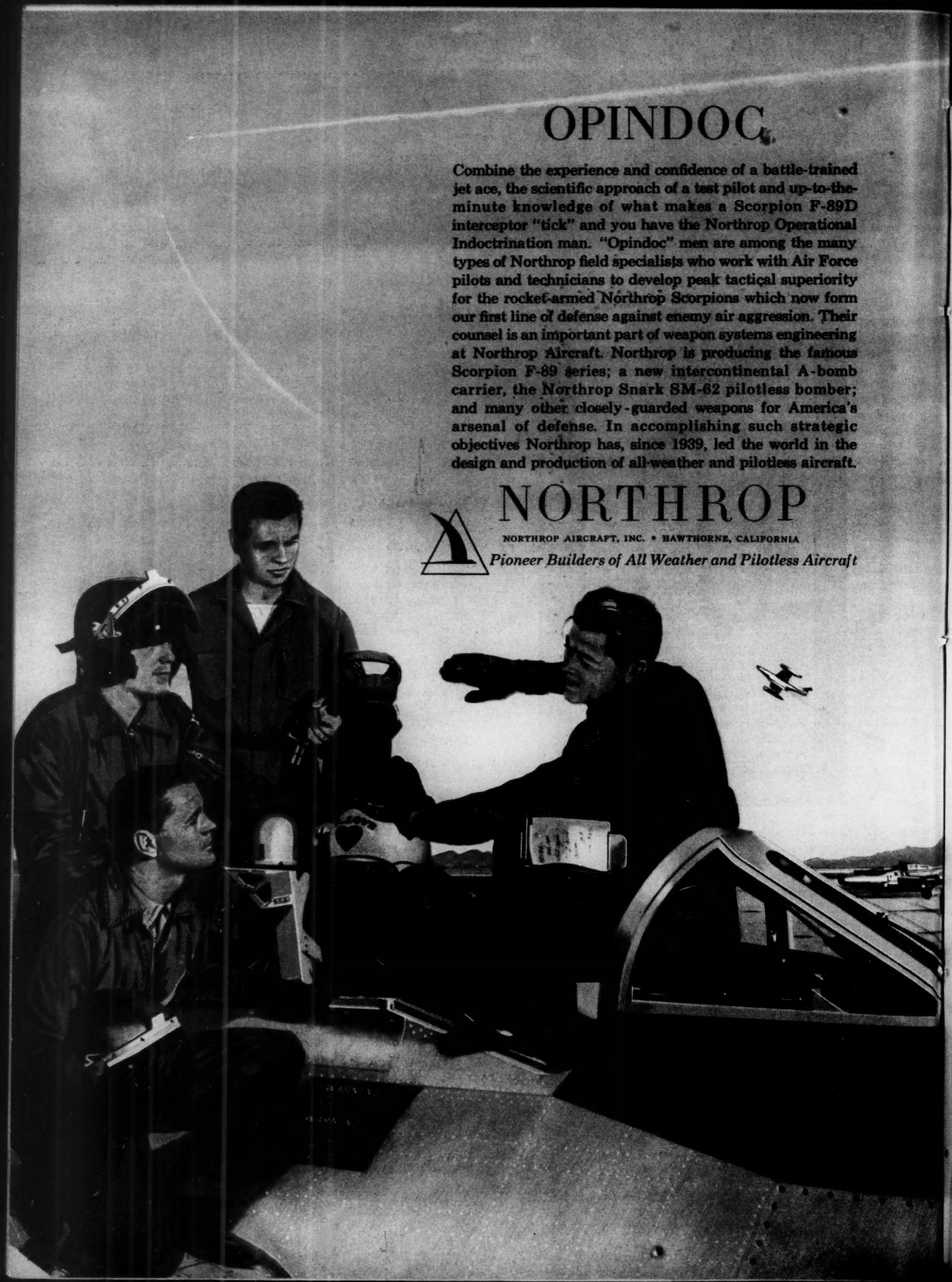
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FROM THE CAPITALS OF THE WORLD

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>> There are traps behind the peace bait set out by Russia these days.

In a world hungry for peace, diplomats are moving warily. They have been caught before. They know that the Communists are hungry too--for conquests.

Running the Soviet trap line, you find bait, but traps too.

>> In Belgrade, the Russians were all sweet reason. Their top team, the same Bulganin-Khrushchev combine that did business with Chinese Communists last year, wooed rebel Communists in Yugoslavia ardently and eagerly.

Wouldn't Marshal Tito come back to the fold? No? Well, they couldn't blame him. The men who ran Russia before were scoundrels. Stalin erred. Beria was a bum. But perhaps Tito would let bygones be bygones and just be friends?

That was the approach. Yugoslav Communists remain independent with Moscow's blessing. The Kremlin understands and forgives. Yugoslavs can do business with the West and Russia too. It seems all bait and no trap. But.....

>> In Warsaw, in East Berlin, in Prague and in Budapest, Communists are cutting bait, preparing to seek new friends, new business, new victims.

Communists in power are far more friendly with Westerners. They want to exchange goods and cultural missions. They want to talk about peace.

Communists out of power in non-Communist countries are quiet, wooing fellow travelers, behaving like moderates, sheathing their claws.

Even purged Communists in Eastern Europe may get a chance to act the part of Tito, to hint at independence from Moscow. That's part of the bait.

Traps, made in Moscow, are triggered. They are designed to catch unwary nibblers, to make fellow travelers of them. But Moscow's steel is showing.

>> Take Poland as an example. Polish Communists last August wooed France. Poland, too, they said, fears a rearming Germany. Why not a Franco-Polish alliance, a mutual-assistance treaty? The French, at the time, said no.

A Polish "Tito," Wladislaw Gomulka, is waiting to be called on the scene. Gomulka is no Tito, really. He was purged as the Communist Premier of Poland just after Tito broke with Moscow. He was charged with every Communist crime--including that of "suspecting the Soviet Union." But he wasn't shot. He and his friends have good jobs in Warsaw. Moscow willing, they can take top jobs.

Then a "new Government" in Poland can make a "new approach" to France.

>> Risk in this sort of thing for the Soviet Union is zero.

Tito's independence rests on a tough Yugoslav Army, which he commands.

Poland's dependence on Moscow is assured by Poland's real boss, Defense

(over)

Minister Konstantin Rokossovsky, a marshal of the Soviet Army. He holds Poland.

In Poland, East Germany, Czechoslovakia, Hungary, Rumania and Bulgaria, Premiers can come and go. They are window dressing, bait for Moscow's peace trap.

>> France is in shooting trouble again--right in its own back yard. Natives are showing no respect for French maps which divide North Africa in three parts.

Tunisia is a protectorate. Trouble there has led France to give home rule to 3,600,000 Moslems although few of the 150,000 French settlers like it.

Morocco is a protectorate too. Many of its 7,500,000 natives want freedom. They are harrying 350,000 French settlers, mainly prosperous. The U.S. is worried about its big bomber bases in Morocco. Trouble simmers and flares.

Algeria, in the middle, is different--on the map. To a million French settlers, Algeria is France. But to 8 million Moslems it's just a French colony.

>> The French took Algeria from the Barbary pirates more than a century ago. They made its rich coast, under the law, as French as Normandy and Burgundy.

Arabs and Berbers, encouraged by Tunisia's new freedom, are trying violence. There is rebellion in the mountains. Moslem Algerians are chopping down telephone poles, tossing bombs, shooting Frenchmen.

The French answer to trouble in Algeria is to fight. A full French division has been pulled from Germany and sent to Algeria. There is no talking, only shooting. "We will keep Algeria," said French Premier Edgar Faure.

>> Down in the fabulously rich Union of South Africa, the Boers are taking their revenge for the war they lost to Britain at the turn of the century.

The Boer comeback is peaceful but real. White men of Dutch ancestry who speak Afrikaans won two elections, in 1948 and last year. They lost the popular vote, but they won the seats in Parliament. Now the Boer holds control of the Union of South Africa. And the Boer intends to keep it.

>> Prime Minister Johannes G. Strijdom, six months in office, is in a hurry.

First, he packed the country's top court with his own appointees.

Now, he is packing the Senate. That is done by increasing the Senate's seats--for Boers, of course. Any question? Refer it to the court.

Next, the two houses sit jointly with a safe two-thirds majority for the Boers. They will deprive a million "Cape colored"--people of mixed descent--of their votes. Only about 50,000 voted anyhow, but usually against the Boers.

>> "Dictatorship," cry the English-speaking South Africans. But not loud.

Gold, diamonds and uranium, plus rich farms, make the country's 3 million whites, Boer and Englishman alike, wealthy and apathetic. They want no trouble.

Black men, 9 million of them, are stirring at the base of South Africa's social structure, voteless, but not leaderless. Communists are busy. "When you stand on a thin crust of black lava," said a white man, "you move slow."

>> In another part of the world, Pathan tribesmen who guard the Khyber Pass are suddenly prosperous. They have fast cars, new radios, new rifles.

The reason: Afghanistan and Pakistan are at odds. Tribesmen on the Northwest Frontier carry a million rifles. Both sides offer bribes. All bribes are taken, but few rifles switch sides. The Frontier, it seems, has its own code.

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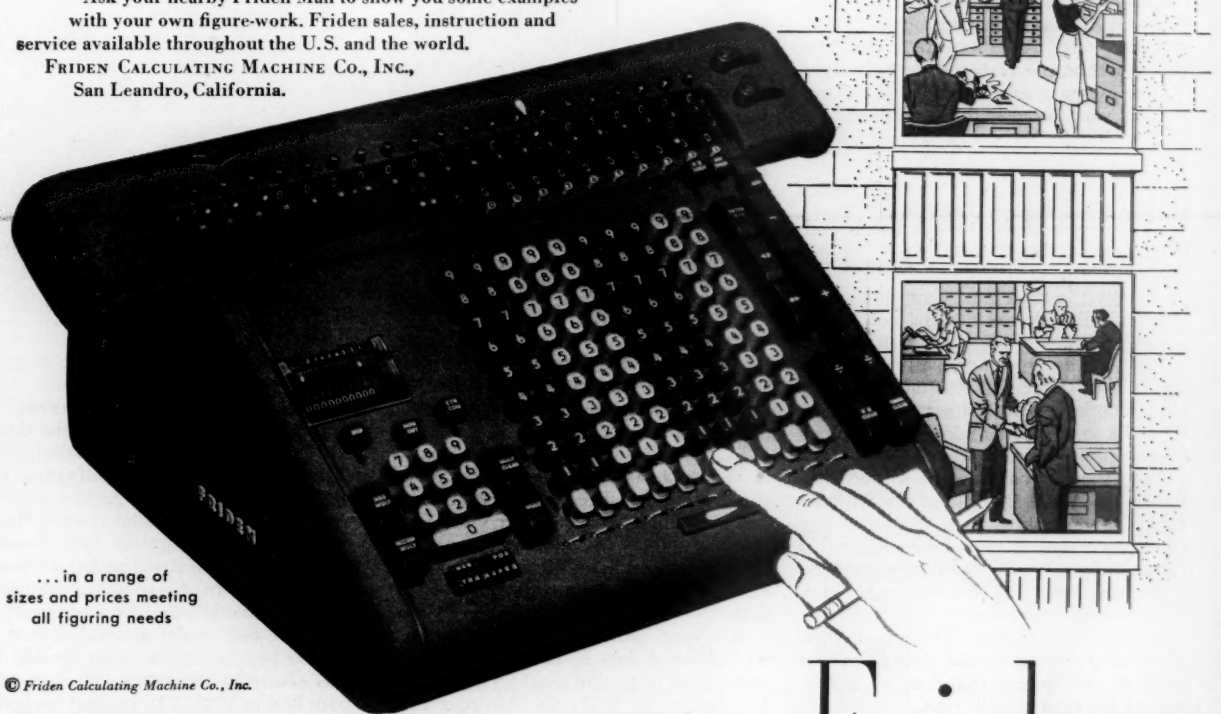

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U.S. Is Outgrowing Its Parks

Millions of Tourists May Find Outdoors Rationed

This summer 19 million Americans will visit national parks that are equipped to handle only 9 million people.

Result: Parks overrun like convention cities. Scenery viewed from bumper-to-bumper traffic tie-ups. Vacationing families sleeping in their cars.

Solution for the years ahead: Enlarge the parks or ration the number of visitors.

A great wave of vacationing Americans is about to hit the national parks. Before the year is out, 19 million visitors will have jammed into them to see the sights, camp, get a taste of the great outdoors.

In addition, 32 million will visit the national monuments, historical sites, parkways and recreation areas that are also a part of the National Park System.

Once again a new record will be set.

Each year, more and more Americans are turning to the parks for vacations. Yet each year they are finding that the parks are falling further and further behind in providing adequate facilities.

At the peak of the season, hotels and lodges cannot begin to take care of the crowds. Many vacationing families wind up sleeping in their cars. Campsite space often is fully allotted months before the season opens.

Parks roads are inadequate to handle the flow of traffic. As a result many visitors, who have driven hundreds of miles, view the scenery from bumper-to-bumper processions of crawling cars.

The situation has become so bad that Conrad L. Wirth, Director of the National Park Service, has told a park-planning conference that it may be necessary to ration accommodations and campgrounds and even limit the number who may visit the parks.

After World War II, vacationing Americans turned to the national parks with an enthusiasm that has set a new record for visitors each year.

The enthusiasm of the people for the parks has not been reflected, however, in appropriations by Congress for their operation, maintenance and expansion. In 1941, according to park officials, facilities were adequate for the 9 million people who visited the parks. But this year the 19 million people who are expected to go to the parks for recreation will find that little in the way of accommodations has been added since 1941.

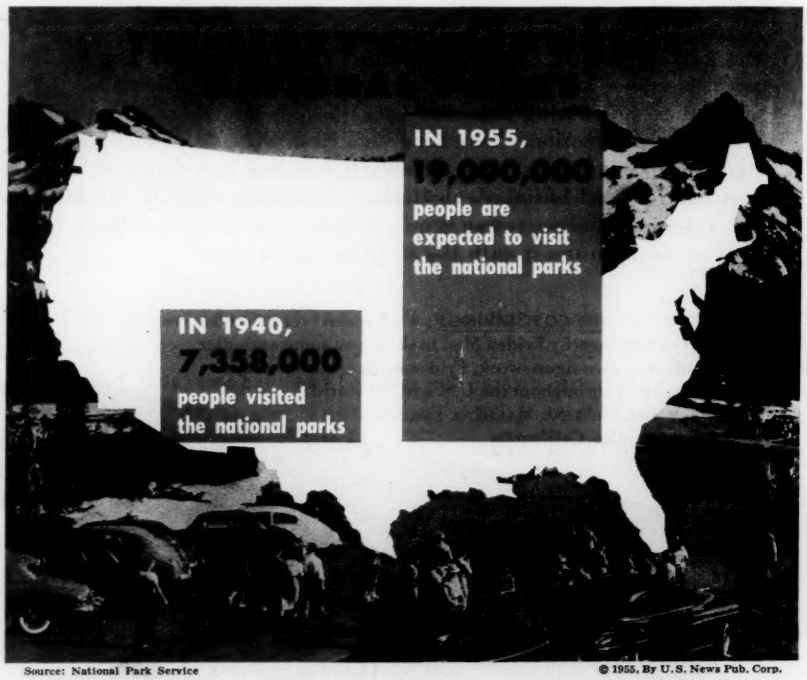
More visitors, less money. In 1946, Congress appropriated 26 million dollars for the park system—more than five times as much as the average annual allotment during the war years, and nearly double the largest prewar figure.

In 1947 and 1948, when the number of visitors to the parks increased 20 per cent, Congress sliced appropriations 50 per cent. The appropriation was jacked up to 30 million in 1949, and, since then, as the chart on page 79 shows, Congress has kept it averaging slightly more than that.

However, park officials point out that 30 million dollars in the 1950s will not come close to buying what 26 million dollars would in 1947. So this year these officials find themselves trying to handle twice as many visitors with less money—in terms of actual buying power—than they had in 1947.

Congress has insisted that the bulk of the funds appropriated for construction purposes go for highways, many of them leading to the parks. Representative Lee Metcalf (Dem.), of Montana, points out that since World War II the funds have been split 78 per cent for roads, 22 per cent for facilities within the parks.

"The result," says Mr. Metcalf, "is that Americans have better, safer, speedier access to deteriorating facilities."



Source: National Park Service

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Patch-on-patch maintenance. The headaches that this brings in the day-to-day business of running a national-park system can be seen in the situation at the nation's most popular park, the Great Smoky Mountains National Park. It is a 460-thousand-acre tract of beautiful mountains, lakes, rivers and trees located in the southern Appalachian Mountains of North Carolina and Tennessee.

At the end of the season last year, 2.5 million people visited Great Smoky. This was nearly twice as many visitors as the park had in 1941. The present budget for the park is about double the 1941 budget. But, in 1941, the hourly wage for a mechanic was 60 cents. Now it is $2.06. Common labor, then 35 cents, is now $1 an hour. In 1941, a park ranger's

salary was $1,200 a year. Now it is $3,400. A pick-up truck that cost the Government $700 in 1941 now costs at least twice that.

This year there will actually be fewer man-hours available to run the Great Smokies Park than there were in 1941. Yet somehow officials will have to handle 20 miles of additional highways, 2 more campsites and 2 more historical museums, patrol and protect an additional 40,000 acres of park lands and furnish police protection to twice as many people.

On top of all this, park officials say that there has not been enough money to maintain Great Smoky's roads, trails, bridges, ranger stations, campsite facilities and other basic installations. These have deteriorated to the point where, as officials put it, the best that can be expected is a "patch on patch" type of maintenance.

"We actually get scared when we go into some of these areas," Park Service Director Wirth told Congressmen studying appropriations for the parks. "Some of the camps and areas are approaching the level of rural slums and need taking care of."

Parks defaced. In Yellowstone, oldest of the National Parks, there were six times as many visitors last summer as in 1931. Yet there were 20 fewer rangers on hand to handle the traffic, prevent thievery and vandalism and protect against forest fires.

Vandalism, because of insufficient policing of the parks, becomes more widespread each year. A visitor to the Petrified Forest in Arizona reported that he was handed a slip pointing out that there had been 374,000 visitors there the previous year, and if each one had carried off a chip of petrified wood there would not have been much left for future generations to see. Yet, as he walked along a trail, he saw a young man sitting astride one of the blocks of petrified wood, chipping off a souvenir.

Such defacing of the parks is just the opposite of the objectives of the men who laid the foundation for our present system of national parks. The idea took shape around a campfire in 1870 in the area that is now Yellowstone National Park. Cornelius Hedges, a member of the group of explorers around the campfire, proposed that the scenic wilderness of Yellowstone should be preserved as a national park for the benefit of all the people of the U. S. His proposal was adopted by Congress and Yellowstone National Park was created in 1872.

At the turn of the century Theodore Roosevelt and Gifford Pinchot, Governor of Pennsylvania who was president of the National Conservation Association, 1910-25, thoroughly popularized the

How Number of Visitors Is Soaring In the 12 Most Popular Parks:

	Visitors in 1940	Expected in 1955	CHANGE
Great Smoky Mountains	861,000	2,678,000	UP 211%
Shenandoah	951,000	1,760,000	UP 85%
Rocky Mountain	628,000	1,511,000	UP 140%
Yellowstone	526,000	1,408,000	UP 167%
Grand Teton	103,000	1,063,000	UP 932%
Yosemite	507,000	1,060,000	UP 109%
Platt	310,000	876,000	UP 180%
Grand Canyon	372,000	863,000	UP 132%
Glacier	177,000	644,000	UP 264%
Mt. Rainier	457,000	843,000	UP 84%
Olympic	92,000	703,000	UP 664%
Acadia	382,000	587,000	UP 53%

Source: National Park Service

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PROBLEM: MORE PEOPLE THAN PARKS WILL HOLD

19 million Americans, 1 in every 8, will visit national parks this year.

By the same 1-in-8 ratio—

25 million Americans will visit the parks in 1975

BUT—

The parks are equipped to handle only 9 million people. To accommodate the crowds, these things are being proposed:

- **Set up more parks • Ban automobiles • Charge higher fees**
- **Ration use of the parks • Prohibit overnight camping**
- **Keep hotels, restaurants and stores outside the parks.**

WHAT GOVERNMENT SPENDS ON NATIONAL PARKS

Year Ending June 30	Federal Appropriation*	Cost Per Visitor
1947	$26,028,000	$1.02
1950	30,105,000	.91
1951	33,976,000	.92
1952	28,249,000	.67
1953	33,162,000	.72
1954	33,854,000	.71
1955	32,094,000	.64
1956 (proposed)	44,650,000	.86

*For entire National Park System—including national parks, monuments, recreation areas, parkways and historical sites.

Basic Data: National Park Service

Photo-Devaney

idea that Americans should see the natural wonders of their country and get the feel of its grandeur. They urged that large tracts of land be preserved in their natural state so that future generations could enjoy their scenic beauty.

Today, conservationists say the nation is close to losing sight of the original concept of the national parks. They point out that Congress has authorized 500 million dollars' worth of improvements for the parks but has failed to appropriate the money.

The proposed increase of 12 million dollars for the year beginning July 1 is largely earmarked for road improvements. There is only a small increase provided for more rangers, more campsites, better housing for park personnel and other improvements.

Park visits rationed? Proposals to relieve the crowded conditions in the park include: (1) increase the area and facilities of the park system by adding to existing parks or setting up new ones; (2) ration use of the parks by banning automobiles, charging higher fees, shortening the time each person can spend in a park, and moving commercial facilities outside of the park boundaries.

A check of the Western parks by a member of the Board of Editors of *U. S. News & World Report* shows that there is now rationing to some extent at Yosemite National Park. A person used to be able to camp on the "floor" of Yosemite Valley from "snow out to snow in" if he wished. Now he can't stay more than 15 days. The Sierra Club, which sponsors enjoyment of nature in Yosemite, maintains that rationing of the number of visitors to the seven-mile-square Yosemite Valley must come soon.

Similar restrictions are in effect at other parks.

Acreage of the national parks has been increased by about 10 per cent since World War II. About 1.5 million acres has been added to the 11 million the parks contained in 1946. Most of this additional acreage is in the Everglades National Park, which is the only new park in the system since the war.

If additional land is to be added to the system, says Park Director Wirth, plans should be made now. In a recent speech he pointed out that "recreation, of whatever kind, means land . . . . . and the longer we wait to make provision for it, the more certain we are to find that opportunities have been lost or that the cost of seizing them has multiplied."

There is no easy solution to the dilemma of the national parks, and there is disagreement as to the best way to handle it. Park officials, however, are sure of one thing: If the parks are to accommodate all the people who want to visit them, facilities will have to be expanded.

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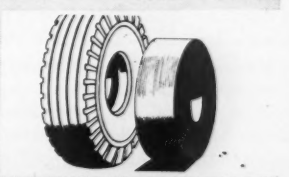

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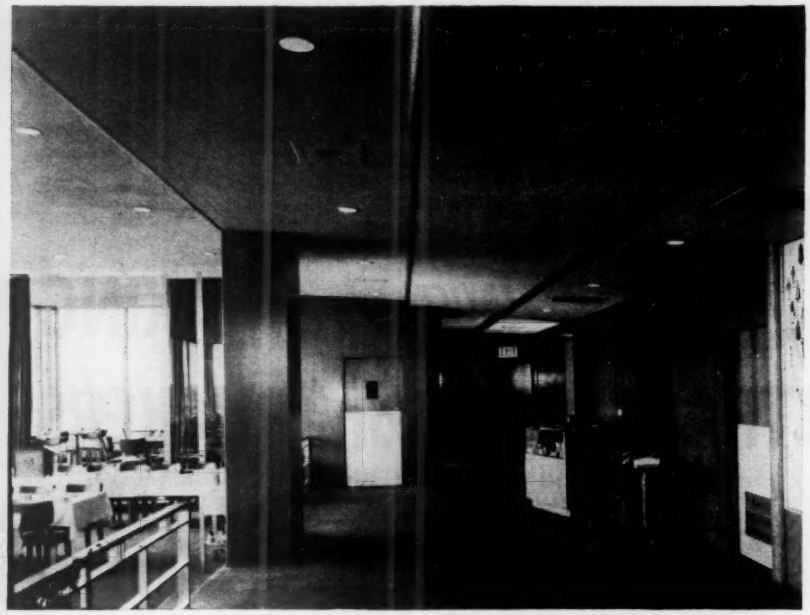

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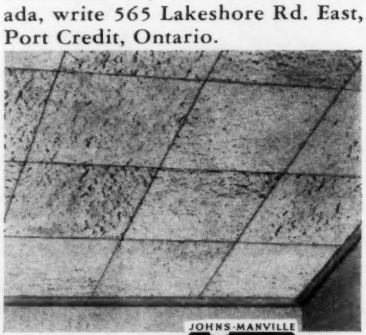

Johns-Manville

40 YEARS OF LEADERSHIP IN THE MANUFACTURE OF ACOUSTICAL MATERIALS

We've Been Asked:—

ABOUT ATOMS IN BUSINESS

- **Industry is being offered a chance to use much of the Government's storehouse of atomic information.**
- **Rules are being established to open the doors to some important secrets of atoms.**

Are more of the barriers to civilian use of the atom coming down?

Yes. The Government has announced that regulations are being issued to permit industry to get more information on atomic energy and its possible civilian uses.

Is this important?

It's important now and will become more important in the future. Far-reaching development of atomic energy is expected to follow opening up of this information. One prediction is that some homes will be heated with this power in possibly five or 10 years. Many other everyday uses of atomic energy are foreseen. Broader research in medicine and other sciences is expected to follow the new move to make available more non-military knowledge of the atom.

Just what has the Government done?

The Atomic Energy Commission proposes to give industry and individuals more access to some of its atomic information. Interested companies and persons are given until June 23 to send comments and suggestions on the proposals. After that, final rules on the program will be issued.

Can anybody get this information?

A person must show that he is responsible to get an "access permit" to this classified data of the AEC. Also, he must show a need of the information.

Who, then, can qualify for an access permit?

An applicant for information classified as "confidential restricted" must show a possible use or application of the information in his business, profession or trade. Also, the Commission will make a limited security clearance for him and any associate or employe who might see the information. The rules are stricter for information classified as "secret restricted." Persons receiving the secret material must undergo complete clearance, involving full background checks. Under the proposed rules, as they now stand, only U. S. citizens would be

eligible for access to restricted AEC information.

How will a person go about getting atomic information?

A person or firm interested in such restricted information should apply to Division of Licensing, U. S. Atomic Energy Commission, Washington 25, D. C. Applications for access permits can be sent in now. It is not necessary to wait for final approval of the proposed regulations.

Is a special license needed?

A license is not required to obtain an access permit. But there is a system of licensing for those making certain uses of AEC restricted information. For example, a license is needed to build plants or other facilities for producing or using atomic energy. Also, a license is required for possession or use of nuclear materials. Under the licensing program, safety requirements must be met.

Where would a company get uranium or other needed materials?

This would be arranged through the AEC, since the Government owns or controls all special nuclear materials. These materials could be obtained under a license, either directly from the Government or with AEC approval.

Will the AEC charge for an access permit?

Under the proposed regulations, an applicant must agree to pay charges for security clearance for himself and his employes. There also may be some charges for publications and for reproduction of documents and for other services provided by the Commission.

Haven't industry and researchers been able to get some AEC information in the past?

Yes. Certain AEC information has been available for study or practical use. But the new program offers private business a chance for expanded use of atoms in industry, medicine and other peaceful activities. The rules for licensing and for offering access permits are made possible because of loosening of restrictions by the Atomic Energy Act of 1954. Eventually, atomic scientists expect that this power will be used on a very wide scale by industry. The change in rules of the Commission is considered a step in that direction.

How can an individual tell what information AEC has that might be of interest to his business?

He can consult AEC officials in field offices or in Washington. They can direct him to a number of publications and papers about AEC patents and developments. Many AEC patents, no longer classified, are available for use by the public on a licensing basis.

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Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

$200 BILLION TO KEEP THE BOOM GOING?

States and towns, with federal help, are stepping up their public works to new records.

The gain is one reason for the continuing business boom.

Still, projects for roads, schools, hospitals, other construction lag far behind needs, the Government says. As a result, there is room for tripled spending, for pump priming, if business falters.

The U. S. is accumulating a huge backlog of public works that will help to keep the boom going or help offset any business slump.

That fact stands out in a new Government study of construction.

Officials estimate the country will need about 204 billion dollars' worth of public works in the coming decade. That is more than four times the amount actually spent during the last 10 years, as the chart on this page shows.

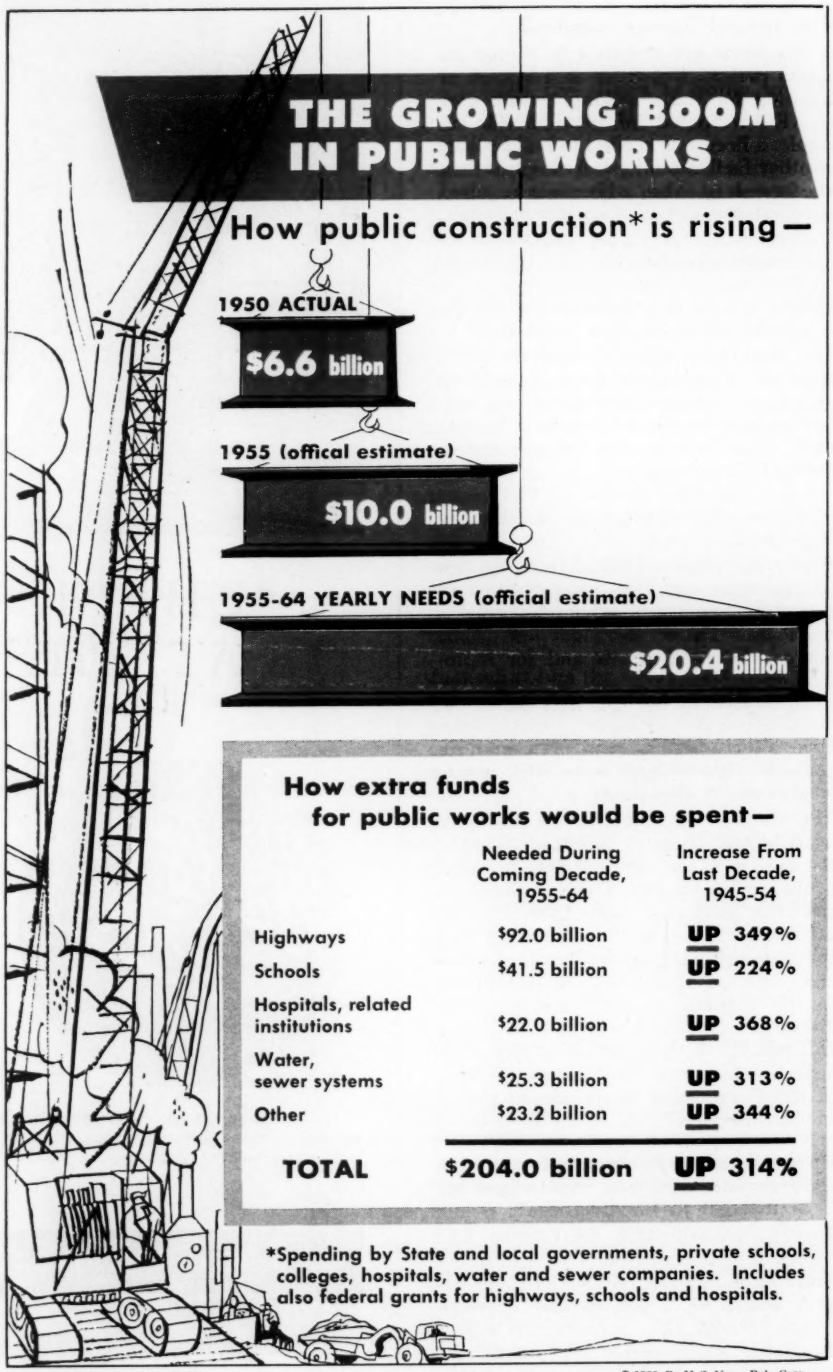
What's more, the 204-billions figure does not include all projects. It does not cover jobs that are done entirely with federal funds, such as the building of federal offices, dams, irrigation systems, defense plants and military bases. These currently cost about 3.3 billions a year, or about 32 billions over a 10-year period.

Only federal money included in the 204 billions is what is donated by Congress to the States and local communities on a sharing basis.

Spending on State and local projects this year is expected to total about 10 billion dollars, of which only a fraction comes from the Federal Treasury. This rate of spending is a big increase over the amount spent in any previous year but far short of what is needed, according to the Government estimate.

Spending could triple. If the rise took place at an even pace all during the decade, spending would exceed 20 billions a year by 1960 and 30 billions by 1964. Thus, the prospect would be for tripling the present pace.

An increase of this size could offset a drop of as much as 50 per cent in de-


THE GROWING BOOM IN PUBLIC WORKS
How public construction* is rising—
1950 ACTUAL
$6.6 billion
1955 (offical estimate)
$10.0 billion
1955-64 YEARLY NEEDS (official estimate)
$20.4 billion
How extra funds for public works would be spent—
Needed During Coming Decade, 1955-64
Increase From Last Decade, 1945-54
Highways $92.0 billion UP 349%
Schools $41.5 billion UP 224%
Hospitals, related institutions $22.0 billion UP 368%
Water, sewer systems $25.3 billion UP 313%
Other $23.2 billion UP 344%
TOTAL $204.0 billion UP 314%
*Spending by State and local governments, private schools, colleges, hospitals, water and sewer companies. Includes also federal grants for highways, schools and hospitals.

Source: Commerce Department

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fense spending. If the gain occurred, it would be greater than the entire amount now being spent in private home building.

Because the increase would be in capital goods, rather than in things for general consumption, it is considered by the economists to be especially important. This form of spending puts money into the workers' pockets and into business without bringing about a corresponding increase in supplies of goods; thus it tends to be inflationary.

Actually, there is no assurance all this increase will occur. The jump in public-works spending from 1954 to 1955 is big, about 1.4 billion dollars. If that amount of increase continued yearly through the coming decade, such spending would hit 15 billion a year in 1960 and 19.6 billion in 1964; the total for the period would be not quite 149 billion, or about 55 billion short of what the Government experts think is needed.

Still, the work is there to be pushed ahead, if the Government finds that it needs to do some pump priming.

The chart outlines where officials think the big spending is required.

Most for roads. Highways are down for the largest chunk, 92 billions. That figure is based on a survey made by the Bureau of Public Roads and is in line with the Administration's highway program. While this program calls for an outlay of 101 billions, about 9 billions of that would go for land and for other costs not involved in actual building.

The Administration now is backing a bill in Congress that would provide about 31 billions in federal money over the 10-year span, leaving the rest of the 101 billions to be provided by State and local governments. A different bill has been passed by the Senate; it schedules 12.5 billion dollars in federal grants over a five-year period, with the States providing about 5.5 billions.

Schools are put down as the next biggest need: 41.5 billions.

That includes 31 billions for elementary and high schools, including parochial and private schools. About 60 per cent of this building will be needed in the first half of the period, according to the federal estimate.

Colleges and universities are expected to require 10.5 billions for school construction. That doesn't include about 2 billions for dormitories.

Water and sewerage systems, including those maintained by private companies, are being expanded far too slowly, the Government men say.

They figure there is a backlog of about 10 billion dollars' worth of this type of construction needed, just to overcome present deficiencies. Also, 9 billion is set down to take care of future needs from new residential and industrial development. About 6 billion is allotted to re-

(Continued on page 86)

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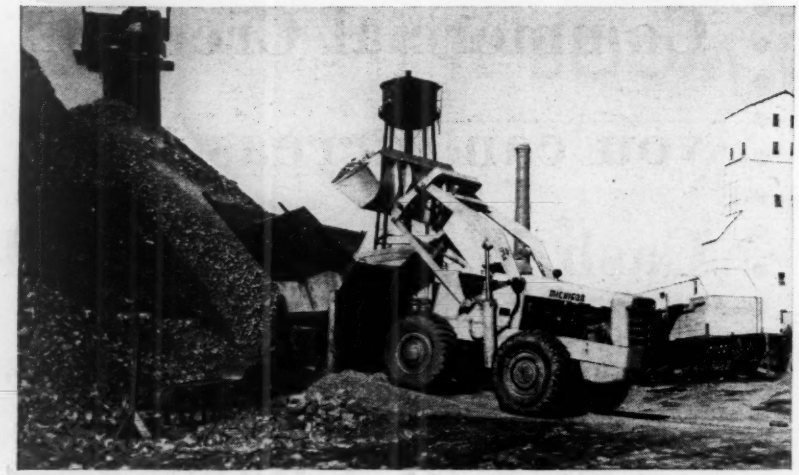

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CLARK EQUIPMENT

Parks, prisons, hospitals among U. S. building needs...

place lines and other facilities that wear out. The total comes to 25.3 billion.

More hospitals. Construction in the medical field, apart from schools, is estimated at 22 billions. State officials reported that they need 838,000 more hospital beds, to bring the total in service to 1,847,000.

Additional beds needed for mental patients are estimated at 352,000; for chronic invalids, 272,000; for general-hospital patients, 193,000; for the tubercular, 21,000. Providing these would cost about 13.5 billions, the Government figures.

In addition, 450,000 beds at a cost of 7.5 billions will be needed in the decade to take care of obsolescence and a growing population, it is said. A billion dollars more is allowed for health centers, clinics, asylums, homes for the aged and similar institutions.

Other assorted public works are estimated to call for 23.2 billion dollars. This would be spent for such things as offices, auditoriums, prisons, parks, playgrounds, and publicly owned gas, power and transit systems.

Some estimates challenged. Some of the Government forecasts of need have been criticized by private groups.

For instance, local people claim the Government figure on school needs is too high. They point out that a great deal of money is allowed for replacing "substandard" schools and question whether this is really necessary at a time when there is a shortage of classrooms.

The Government figure on roads includes some extras. It is supposed to make interstate highways adequate for the number of cars expected in 1974; thus there is allowance for more than actual needs in 1955-64.

Scientific developments could affect other estimates. New techniques for caring for the mentally ill hold out some promise of reducing the hospital load. Inventions along other lines could, in time, reduce the need for some public services.

On the other hand, the Government men say some of their figures are likely to prove too low. They think States and cities may exceed the estimates for offices, medical centers and the like.

Plans for quick action. Those long-run problems don't detract from the public-works backlog as a means of Government action in case a slump in construction threatens. The federal planners are finding plenty of projects that could be started in a hurry, given an injection of federal aid.

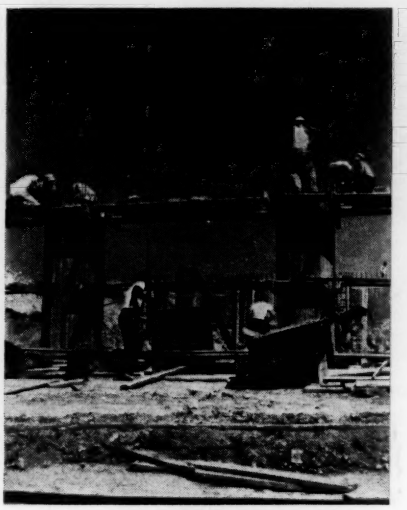
. . . States have big backlog of work projects

Last reports from State and local officers indicated about 1.8 billions in projects were "ready to go." Money was available, plans were drawn, land was provided.

That is a measure of the amount of work constantly moving out of the blueprint stage.

Further projects amounting to 5.8 billions were reported as "planned"; they could be ready within six months.

Also, 17.8 billions in projects were "programmed"; officials had made provision for them in their programs and had tentative figures on cost. Some could take up to 18 months to get going, but others could be started much sooner.



PUBLIC WORKS
. . . an important factor in the boom

This means a total of 25.3 billions in projects which could be available within 18 months.

Money would be a big problem, but the Administration is laying down a policy of providing federal funds liberally, even in good times. This represents a change from the Republican attitude 25 years ago, when public works were criticized as being wasteful and too slow to do much good.

The new approach stresses State and local work, instead of federal projects. The idea is that this will result in faster action, more widespread activity and greater attention to actual needs.

Public works are proving an important factor in the boom today. The Government's studies indicate they could be quite helpful in case other building slackens.

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- *Relays, stepping switches, and other "telephone grade" components for electrical control in product or plant.*

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2. If you sell your merchandise or product on an installment-purchase financing plan, wouldn't you feel better if you knew your payments were protected against the death of the breadwinner?

If you're in the personal loan or installment-purchase financing field—it will be well worth your while to use Travelers Group Creditor Life insurance—and to advertise the fact to your prospective customers. Why not get full information from your Travelers agent or broker—or mail in the coupon—now?

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IN YOUR PERSONAL PLANNING

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People need to know about a provision of the Social Security law that makes possible bigger benefit checks for many, starting with July.

DISABILITY FREEZE. The provision of the law involved is the so-called disability freeze. In essence, it provides that, if you become completely and permanently disabled, you can ignore the period of your disability in figuring whether you are eligible for Social Security benefits and how much the payments will be. The way the law was written makes July the first month the provision can be applied to payments. Thus, many persons already drawing checks will be able then to have their benefits refigured and start getting bigger ones. Some, not now on the rolls, will be able to qualify where they couldn't in the past.

OLD-AGE PAYMENTS. A lot of people already have asked that the disability freeze be applied to their payments--it has been possible to put in such requests since January. For them, the increases due may show in checks for July that ordinarily come out around August 3. In some cases, time required for processing will delay increases to later checks, but payments will be made retroactive to July. Those who haven't yet filed also can get payments retroactively, within limits.

ELIGIBLE PENSIONERS. The disability freeze doesn't mean that, should you become disabled, you would start getting Social Security benefits right away. These still aren't payable until you reach 65. But the provision does mean it then will be easier for you to qualify and benefits will not be reduced--as would be likely if disability years of little or no earnings had to be counted.

Blindness, sickness, injury or mental illness that prevents you from doing any substantial gainful work counts as "total" disability. But, for it to apply to your old-age-pension record, you must have Social Security credits for 6 of the 12 quarters--and 5 of the 10 years--immediately preceding the disability.

Also, it's well not to delay unnecessarily in applying for the disability freeze. Your survivors can't ask for it, and, should you die without applying, they might lose benefits they would otherwise be entitled to.

BUYING A FARM. If you're thinking of putting some money into a place in the country, expect to pay more than you would have had to a while back. A new Department of Agriculture study shows that prices of farm land have climbed steadily--in some places as much as 6 per cent--during the last year. That's

(over)

happened in spite of a drop in prices farmers get for their products. Reason: Increasing mechanization enables farm operators to handle more acreage profitably; many are in a strong financial position, so they are willing to pay a premium for nearby land. Also, there is strong investor demand for farm property.

SHOPPING ABROAD. A point that's bothered travelers bringing back items purchased abroad gets cleared up by the U.S. Bureau of Customs. The $200 and $500 limitations on how much you can bring in duty-free refer to the fair wholesale value--not the figure on the retail price tag. On your declaration, you enter the amount you paid, but the customs inspector gives you the benefit of the wholesale value. Usually that's about three fourths of the retail price.

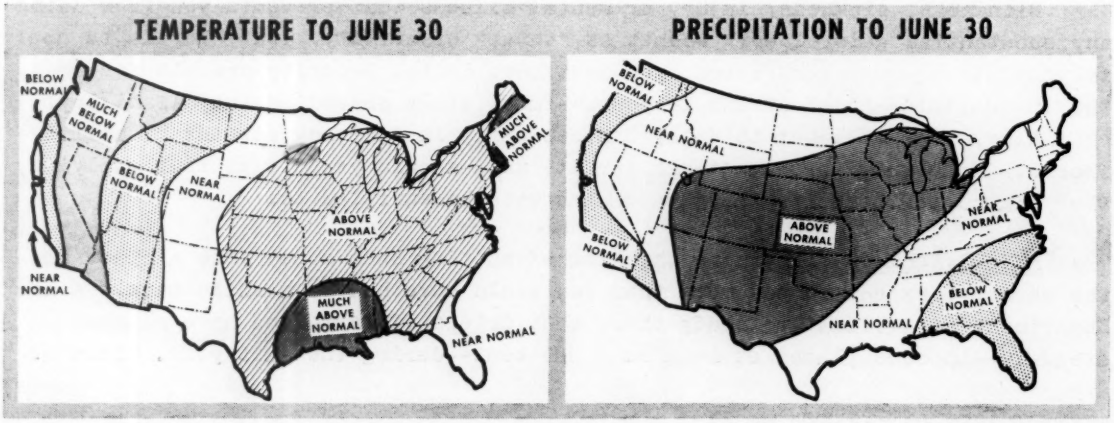
FUR COATS. Take care of that fur coat this summer, for, if a moth damages it, you can't claim the loss on your income tax return. The federal tax collector says so in an official ruling. Moth damage lacks the element of "suddenness" required for a casualty loss, he explains.

SAFETY BELTS. Seat belts in automobiles, studies at Cornell University show, would cut significantly the major causes of injury in accidents--being tossed out of the car or thrown forward. Such belts can be bought from auto-supply stores for installation by buyer. Cost: about $7 a belt. They should be anchored to the floor, since seats may tear loose in a collision at high speed.

DRAFT. This to answer frequent queries: Under present law, a man who has been rejected as 4-F at an Army induction station may still be tapped by the draft again. A change now before Congress would end this liability once he reaches age 26. It has passed the House, still must be acted on by the Senate.

DIRECTORY. A new listing of cancer-detection and treatment centers throughout the U.S.--plus homemaker and home nursing services available to cancer patients--has just been issued by the Public Health Service. It is titled, "Cancer Services and Facilities in the U.S., 1954." Available from the Government Printing Office, Washington 25, D.C. Price, 45 cents.

WEATHER. More drought-relieving rains for the Plains States during June is predicted in these maps based on the Weather Bureau's long-range outlook:



Your health will be better since doctors can now use

the voice of the atom

DOCTORS have long wanted to learn more about the human bloodstream—how it supplies nourishment . . . defends against disease . . . becomes diseased, itself.

THAT WISH IS REALITY today, because atomic energy has given a voice to certain of nature's elements. When these elements are exposed to the powerful radiation of splitting atoms, they become radioactive, themselves, and are called *radioisotopes*. The radiation they give off can be detected and heard with special instruments.

Now doctors introduce isotopes of iodine, iron, sodium, or other elements into the bloodstream. Their course can then be followed to determine the location and nature of the trouble. Isotopes are also becoming increasingly important in actually treating ailments.

ISOTOPES are being used in similar fashion by industry and agriculture to analyze materials, measure wear, control processes, and to help answer mysteries of how plants absorb nourishment from the soil and how it affects their growth and health.

THE PEOPLE OF UNION CARBIDE operate, under Government contract, the Oak Ridge National Laboratory, the Nation's chief source of radioisotopes, as well as the huge atomic materials plants at Oak Ridge and Paducah.

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Now! Command attention, spark sales, cut costs with Mystik colored paper tapes! Used by leading retailers, wholesalers, manufacturers and industrial plants everywhere, to gain new speed and efficiency in packaging operations . . . add new sales appeal to products and services . . . bring new glamour to advertising and promotions!

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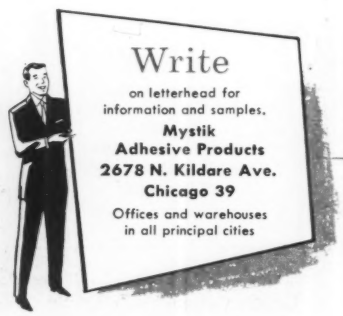

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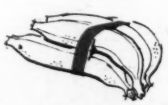

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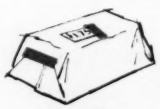
LABELING



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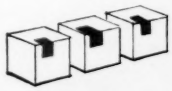

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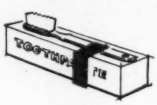

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FROM ENGLAND

END OF AN ERA

MANCHESTER—Here in the grimy cotton-spinning towns of Lancashire, where the industrial revolution was born, people will tell you that the British Empire is dying. As proof they point to Lancashire's cotton industry. Once it supplied half the world and sparked the Empire's growth. Today it is critically ill.

The Conservative Government, with an eye to Lancashire's heavy vote in the recent election, tried to help the ailing industry by removing the sales tax from cotton cloth. But people here believe that, even with the tax removed, the future of the cotton industry looks black. Many mills are shut down, and thousands of weavers are getting other kinds of work.

With the Empire declining, the distant dominions no longer are content to accept the products of Lancashire's mills in exchange for raw materials. The dominions, free now to do as they please, erect barriers against Lancashire cloth to protect their own cotton spinners.

Depression hangs over the cotton mills. Lancashire men say that the trouble is caused partly by weavers in India; cheap cloth from Indian mills is not only filling the protected market in India but also invading Britain itself to the tune of 130 million yards a year.

Fear of U. S. surpluses. The Lancashiremen tell you that Australia has cut its imports of cotton cloth by 33 per cent and that Britain's exports of it are falling off every year. Last year the decline was 10 per cent. And they mention that U. S. Secretary of Agriculture Ezra Taft Benson—whose name they know almost as well as President Eisenhower's—is causing cotton buyers around the world to delay buying in the hope that American surplus cotton will flood the markets at low prices.

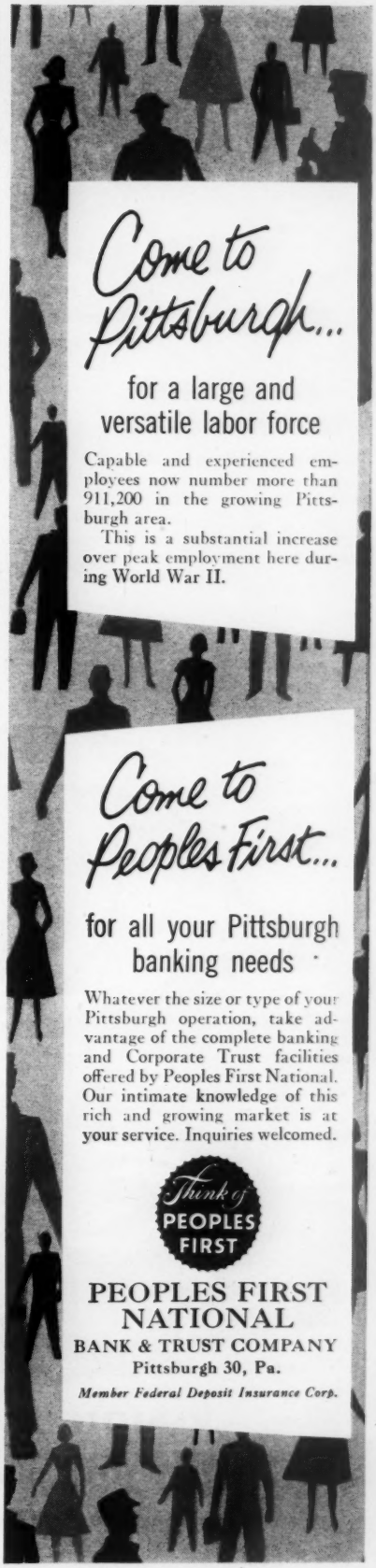
If you probe deeper, you find that the long and painful sickness of Lancashire's cotton mills was caused by conditions inside the industry as well as by those outside. Officials of weavers' unions blame the stubborn refusal of millowners to modernize the industry and to specialize in kinds of cloth with which they have competitive advantages. Union officials say that more than half of Lancashire's mills have made no attempt to study and improve production methods.

The managers come back and put much of the blame on the unions. They say the unions insist on featherbedding

(Continued on page 94)

—Combine

BLEAK DAYS IN LANCASHIRE
Depression hangs over the British cotton mills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In the near future, cities will be lighted and factories will be operated by electricity produced by nuclear energy. Trains, ships and even planes may soon use this new fuel. And Du Mont is speeding these atomic tomorrows through electronic developments based on the practical Du Mont cathode-ray tube!

Continuing Du Mont research and development, in *all* fields of televisual electronics, result in products of the finest precision and reliability. These products are constantly increasing in number and in service to mankind, in national defense, science, industry and the home.

ENGINEERS—The Allen B. Du Mont Laboratories offer an atmosphere of achievement for successful careers. Our employment manager at 750 Bloomfield Ave., Clifton, N. J., welcomes inquiries.

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memo

. . . Lancashire weavers turn to other industries

and other wasteful practices. You get the feeling, though, that both sides know Lancashire never will recover its former position.

"We know it," says the assistant to the president of the largest weavers' union. "We, who are in touch with the situation in the mills on an hour-to-hour basis, know that if the Government gives us all the help we want we still have to lay to rest the idea that Lancashire means cotton. For it doesn't. Not any more. We know these things, but we can't come right out and say them, or we would get nothing."

The rank-and-file weavers know these things, too. For the most part, they are turning away from the mills that gave employment to their fathers, grandfathers and great-grandfathers, and they're finding jobs in other industries. Today more people in Lancashire are employed in engineering shops than in spinning mills.

Off the tourist route. It's a development that the American tourist doesn't see, for Lancashire, although it's the most densely populated part of England outside of London, is not a part that the tourist visits. There is nothing in these smoke-filled valleys and grime-encrusted towns to attract him.

This is the district of England that makes its living from the cotton mills and the coal mines. It is filled with town after town where once the only sources of employment were the spinning mills. It is an area of dirt, slums and few modern conveniences, and it often is blanketed by smog far worse than any that Los Angeles ever has seen.

With all its grime, it is also an area upon which Britain's greatness as a manufacturing and trading nation once was largely based. For generations, these mills bought a major part of the American South's cotton and turned it into cheap fabrics for use by the masses in Asia and in the colonies and dominions. Here were born some of the techniques that changed the history of the world.

"It was Lancashire's fortune," says *The Economist*, of London, "to give birth to the first industrial revolution and its misfortune to see that revolution imitated all over the world."

The experts here will tell you that the success of this imitation is the reason why Lancashire's cotton industry, apparently, is dying. And the people here know that this means Britain is slipping another notch from its old position of world leadership.

(Advertisement)

It's better when you both put your hearts in it...

The idea is ever the same.

When it's a matter of relations between two tiny tots—or two full-grown nations—*it's always better when you both put your hearts in it.*

Reciprocal trade relations between Switzerland and the United States have been like that for many years. Natural. Uninhibited. Each country supplying what the other needs, wholeheartedly.

Good for both countries

The United States—industrial leader of the world—has supplied Switzerland with automobiles (who builds them better than you do?), farm and food products (from every part of the U.S.A.) —with a full range of things made or grown in America.

Switzerland—watchmaker to the world—has paid *cash* for its American purchases. The Swiss are America's *best cash customer* in Europe.

And the biggest portion of the money to pay for Switzerland's purchases in the U.S.A. (about $1,500,000,000 worth—in these past nine years alone) has come from the export to America of Swiss watches and movements.

Since America's purchases of Swiss goods in this period amounted to approximately $1,000,000,000 (almost 50% of this in watches and movements), you might say there was a profitable trade balance of almost $500,000,000 in favor of American businessmen and farmers. Which is true. But not the vitally important point.

What is important is this: *Both our countries benefited by exchanging goods.*

- *It kept employment high in both our lands.*
- *It maintained the world's highest living standards in both lands.*

Will the good be undone?

Recently, America raised the tariff on jeweled-lever Swiss watches and movements some 50%. Other restrictions were imposed. And as of this moment, even stiffer ones are pending.

You can guess the result: Fewer Swiss watches will be sold in the United States; fewer American products can be bought by Switzerland. The whole friendly and prosperous reciprocal trade relationship between us is in jeopardy.

Fortunately, the need for each other's products still remains. And the willingness to buy is as strong as ever.

Surely, from these desires can come again a new exchange of good will and goods. Surely, the grownups who decide these things can return to that wonderfully simple and certain truth—

It's better when you both put your hearts in it.

Published by

THE WATCHMAKERS OF SWITZERLAND

during the 104th anniversary of

The Treaty of Friendship and Commerce

pledged between the people of

America and the people of Switzerland

SOMETHING MORE TO BARGAIN OVER

Now It's the Annual Wage—30-Hour Week Next

Have unions broken down another barrier in their relations with employers? It's a question that is being raised by Ford's concession on unemployment pay.

Not many years ago, wages dominated all bargaining sessions. Then unions demanded, and won, pensions, welfare payments, other benefits. Annual wage, now the vogue, will be followed by demand for a 30-hour week.

DETROIT

In 1914, Henry Ford jolted the business world by raising the minimum pay of workers in his automobile plant from $2.34 to $5 for an eight-hour day. The Ford Motor Company had started a trend that soon brought a sharp rise in wage and living standards in U. S. industry. Factory work took on a new respectability.

Now, 41 years later, a third-generation Henry Ford is taking the lead in accepting a principle that is brand-new to American industry. That is the principle that a worker who is laid off when business is slow is entitled to keep on drawing part of his pay from his employer during the period of layoff.

Pay for time not worked was the key point in the United Auto Workers' demand for a guaranteed annual wage in the auto industry. The Ford Motor Company has not gone all the way in guaranteeing workers a full year's pay, regardless of whether they work or not, but it has agreed to contribute to worker security by paying each employe some unemployment compensation above what he draws from the State.

Signal to industries. It is a principle that employers generally have resisted successfully over the years. But, when Ford yielded to the union on this point, it was a signal to many companies in and out of the auto industry that unions soon would be knocking on their doors with demands for a "modified annual wage."

The big question being asked is this: "Is Ford once again leading industry down a new path in the field of labor relations?"

Looking back to Henry Ford's $5-a-day bombshell and the demands that have been made upon them by unions in the intervening years, employers are wondering what they will be expected to do for their workers in the future.

It wasn't so long ago that wages were about all that unions and employers talked about when they got together for their annual bargaining. Shorter hours, overtime pay, pay for Sunday and holiday work, time-and-a-half and double time all were part of that.

The wage level jumped from Ford's $5 a day in 1914—and much less than that in other industries—to nearly $15 a day for the average factory worker of today. Average hourly wages of factory workers rose, in that period, from 29 cents an hour to $1.86.

In recent years, with unions encouraged and strengthened by the New Deal, a whole flock of new demands were brought out.

How demands grew. Unions began to demand that companies give pensions

(Continued on page 98)

THE STOCK-BUYING PLAN THAT FORD OFFERED WORKERS

An investment plan for workers—something new in the auto industry—was proposed by Ford Motor Company during negotiations with the CIO Auto Workers.

■ This is what employes were offered:

An opportunity to buy Ford Motor Company stock for the first time. A purchase price of just half the market price.

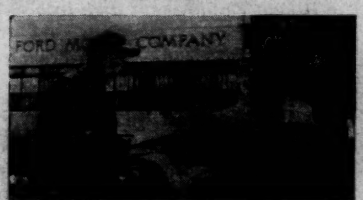
A guarantee against losing any of the money they put up for Ford stock.

■ The plan would work this way:

The employe would put into an investment account, in his own name, as much as 10 per cent of his pay. For the average Ford worker, this would be $551 a year.

The company would put up half as much as the employe, or $275.50 a year, making $826.50 going into the employe's account.

Of that, two thirds, or $551, would be used to buy Ford stock. One third, or $275.50, would be invested in Government bonds.



In addition, all dividends, stock bonuses and interest would be paid into the employe's account.

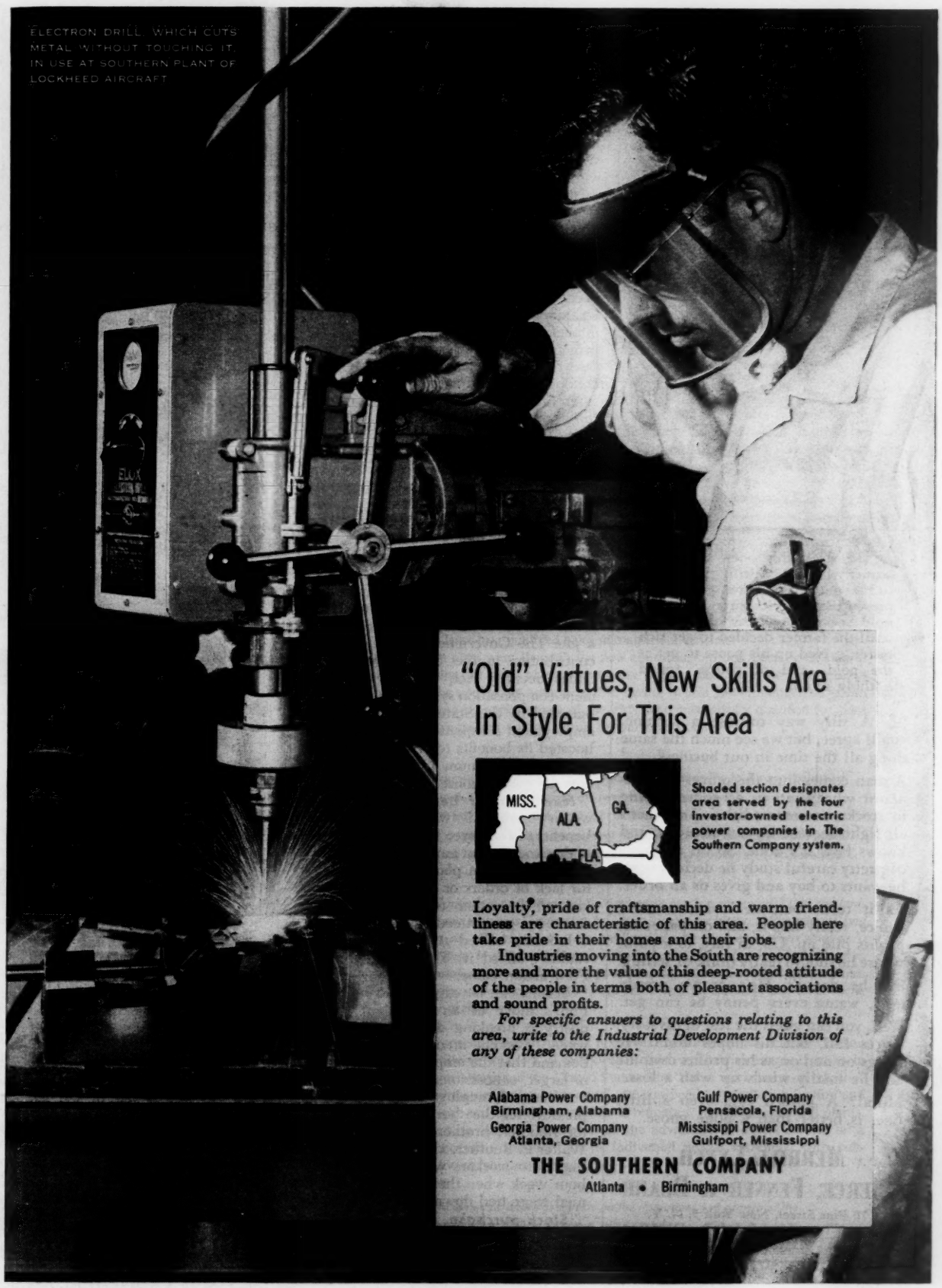
An employe dropping out of the plan would get back at least all he paid in, plus interest.

■ Would employes take over the company?

In 10 years, conceivably, employes might acquire nearly a third of the common stock in Ford Motor Company.

However, neither employes nor the general public would be allowed to buy any voting stock. Only nonvoting shares would be sold.

Control of the company would be retained by the Ford family.



ELECTRON DRILL, WHICH CUTS METAL WITHOUT TOUCHING IT, IN USE AT SOUTHERN PLANT OF LOCKHEED AIRCRAFT

"Old" Virtues, New Skills Are In Style For This Area

Shaded section designates area served by the four investor-owned electric power companies in The Southern Company system.

Loyalty, pride of craftsmanship and warm friendliness are characteristic of this area. People here take pride in their homes and their jobs.

Industries moving into the South are recognizing more and more the value of this deep-rooted attitude of the people in terms both of pleasant associations and sound profits.

For specific answers to questions relating to this area, write to the Industrial Development Division of any of these companies:

Alabama Power Company
Birmingham, Alabama

Georgia Power Company
Atlanta, Georgia

Gulf Power Company
Pensacola, Florida

Mississippi Power Company
Gulfport, Mississippi

THE SOUTHERN COMPANY
Atlanta • Birmingham

The Goose and the Golden Eggs

A sad story this one—about the farmer who was growing rich thanks to that unusually gifted goose who presented him with an egg of pure gold every day. Every day that is, until the farmer decided to get rich faster, carved up his goose to get at the gold—and of course, found nothing at all.

A silly way to lose a fortune, you'll agree, but we see much the same thing all the time in our business.

A man comes into the office—a speculator who wants to do some trading in stocks or commodities. And that's all right because he can afford it, and knows how it's done. So on the basis of pretty careful study he decides what he wants to buy and gives us an order.

As it turns out, he makes a good choice, really hits it, and on paper his profits pile up. Up, in fact, to a point where he should really think of selling.

But he doesn't. He's grown greedy now, wants every penny he can get.

Well, you can guess the rest of his story. Prices fall, but his hopes don't. He hangs on and on as his profits dwindle and he finally winds up with a loss.

Moral? A golden egg, even a little one, is better than a gone goose.

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. . . John L. Lewis led in drive for welfare funds

to workers, on top of Social Security. Welfare funds, other kinds of benefits were demanded, such as hospitalization, vacation pay, paid holidays, and many others.

It took nine years for almost everyone to get under a company pension plan. In 1946, while the Government held technical control over the coal mines because of a strike, John L. Lewis got his start on the welfare fund for his miners. The Government accepted the principle of paying a royalty into a welfare fund. To get their mines back, the coal operators had to take the same contract. Their royalty started at 5 cents a ton, but it has grown to 40 cents on every ton of coal mined.

Since Mr. Lewis popularized this drive for welfare funds, unions have been demanding that employers give bigger and bigger pensions and insurance plans. Wages, however, weren't neglected. They kept going up, too.

During these years, there was talk, soft-pedaled most of the time, but getting louder every year, for the guaranteed annual wage. Unions spoke about freeing workers from the hazards of being out of a job. The Government had made some contribution in the '30s by passing the Social Security Act, with its unemployment-compensation system. This program, operated by the States in the case of unemployment compensation, gradually has boosted its benefits to about $30 a week, but with a maximum of 26 weeks of benefits per year in most States.

New kind of benefits. The unions weren't satisfied with unemployment benefits of that size. They hit on the idea of demanding that employers pay workers for periods when plants were shut down for lack of orders or when workers were laid off for other reasons. The unions called it a guaranteed annual wage.

Industry balked at this idea. It said it couldn't afford it. Then, last week, the Ford action came.

Unions can be expected to seize upon Ford's move as an indication that industry is breaking down on the annual wage. Workers in other industries will demand that the employers make similar, or larger, concessions.

After that, employers can expect union pressure for the shorter work week. Victor Reuther, brother of UAW president Walter P. Reuther, already has told them that auto workers will demand the 30-hour week when their union gets the annual wage tied down.

Stock-purchase plan. Still another new idea seems likely to come out of the

(Continued on page 99)

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MARSH ELECTRIC DIAL TAPER

. . . Employers see no end to demands of workers

Ford proposals to UAW. This is the Ford plan for letting employes buy stock in the company, as outlined in the chart on page 96. Although UAW officials were cool to this idea, other unions have gone along with stock-purchase programs of various companies. The idea may spread.

Employers see no end to the ever-expanding list of union demands. Each idea, naturally, adds to the employer's labor costs—which makes some employers wonder whether, in the end, these costs will be so high that only the largest companies can survive.

Britain Has Her Strike Troubles

LONDON

Strikes are on the increase in Britain, just as in the United States. The British, as a result, are starting to talk about a need for tougher labor laws to curb some of the walkouts.

A series of damaging strikes has been climaxed by a nation-wide railroad walkout, with its threat of shutdown for many related industries. The rail strike was, in effect, a strike against the Government, which owns the rail system. However, British laws permit strikes against the nationalized industries.

The walkouts in recent months have led some Britons to urge that the Government drop the traditional policy of keeping aloof from the strikes, of letting unions and employers fight it out.

Objection, too, is being raised to the kinds of strikes Britain is having. Newspapers and individuals are speaking out against jurisdictional walkouts in which one union calls its members out on strike in order to gain an advantage over a rival union. Also, there are suspicions that Communists are fomenting some of the stoppages.

A jurisdictional dispute between two unions was behind the rail strike that began May 29 and cut off most rail service during the Whitsun-holiday week end when millions of Britons were at resort beaches.

But the rail strike was only the latest of many walkouts that have harassed Britain recently. A small labor union has tied up a number of ports in a jurisdictional battle with a much larger rival union. In recent months, there have been strikes of tugboat crews in Liverpool, of coal miners, of London newspaper em-

(Continued on page 100)

Rockwell Report

by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

ABOUT A YEAR AND A HALF AGO, in anticipation of a substantial increase in our field sales force, we decided to re-design our sales training program from top to bottom. We approached the job in much the same manner as we would the re-designing of a product to meet new competitive conditions—in terms of clearly defined objectives.

There is nothing unusual in what we did, except perhaps in the degree to which we *pre-planned* the entire program. Four months were spent in organization, preparation, and in tying down in advance every conceivable loose end.

Each of the 100 "instructors" was assigned his subject well in advance, and required to submit his lecture in writing, together with all necessary pictures and charts. These were reproduced and bound into five manuals of about 200 pages each so that each trainee could have personal copies for reference. Key people were brought in from each plant for a refresher course in conference management, use of visual aids, etc. Transportation and hotel reservations were worked out so that the entire class could be moved smoothly from plant to plant without interrupting the schedule of full eight-hour working days.

Means for evaluating progress of trainees was given as much thought as the actual content of the training program. In addition to fifty written quizzes, two evaluation forms were filled out on each student, in each phase of training, by at least two qualified sales management officials.

The first class went through the new course last spring. Because of careful pre-planning we were able to compress a great deal into the three-month span of the course, at a considerable saving over a looser, longer program. And judging by performance of the 83% who successfully qualified for sales work, we're getting a good return on our investment.

* * *

Our figures show that it costs about $275 merely to hire a salaried employee. This is the cost of recruiting, interviewing, and selecting; it does not include the cost of training the employee after hiring. That's a pretty strong argument in favor of an intelligent program aimed at stable and long-lasting employee-employer relationships.

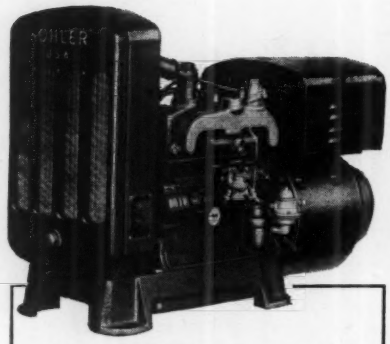
* * *

A national magazine in the metal field recently made a survey of 3,000 random-selected manufacturers known to be users of die castings. Although we had nothing to do with the study, the publication was kind enough to send us a report because it disclosed facts concerning our Delta Power Tool Division. Of the manufacturers studied, 97.1% used drill presses for finishing operations on die castings, and Delta Drill Presses stood very far ahead of any other make in order of preference.

* * *

A fleet of specially-built trucks is now making our contract field lubrication service available to users of Rockwell-Nordstrom lubricated plug valves in most industrial areas of the United States. The "valve workshops on wheels," manned by factory-trained personnel, are equipped to handle lubrication and service at gas and oil field installations, refineries, pipelines, chemical plants, and processing plants. Customers get the advantage of expert service on a regular schedule ("tailored" to fit individual needs) combined with substantially lower maintenance costs.

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.
for its customers, suppliers, employees, stockholders, and other friends



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Portable and Mobile Models for on-the-job electricity

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Labor Week

. . . Unions' feud figured in British rail strike

ployes, London bus drivers and other unions.

Behind the rail strike. The announced purpose of the rail strike was to get for engineers, as highly skilled workers, a larger raise than other railroad employes got. However, the insiders point out that there was much more behind the walkout.

What was involved, it was claimed, was a long-standing feud between a craft union of 67,000 engineers and firemen, on the one side, and an industrial union of about 380,000 members in all types of railroad jobs. The latter union has among its members 17,000 engineers and firemen, a group of workers that the craft union would like to lure into its ranks.

The craft union decided, labor experts said, that one way to recruit these workers would be to prove that the craft union could win bigger and better wage increases than an industrial organization that has to bargain for skilled and unskilled alike. So, the craft union—the Associated Society of Locomotive Engineers and Firemen—demanded wage increases ranging from 21 to 77 cents a week for the engineers.

Base pay for engineers has been about $28 a week, with some getting as much as $60 on the longer runs. The $28 wage represents buying power of about $70 in the United States.

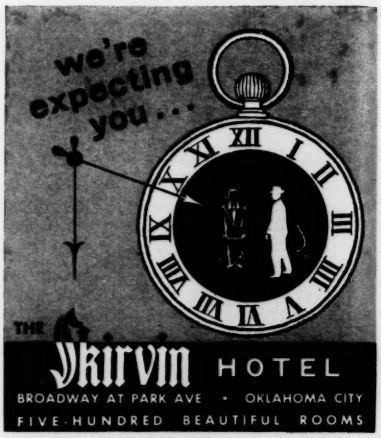
The requested pay raises would restore a differential that the engineers enjoyed over other rail workers before a general increase was granted in April.

On the other hand, the industrial union—the National Union of Railwaymen, or NUR—has been trying to uphold the idea of equal pay raises for all rail workers, regardless of job. If that idea should be maintained, there might be no excuse for a separate union of skilled engineers.

NUR made it clear before the engineers walked out that any special raise for the engineers would bring NUR demands for higher rates for some of its skilled groups. The Government commission operating the railroads feared that this could set up a running competition for pay raises between skilled groups.

The Government decided to take the risk of a serious strike rather than give in to this kind of demand in a battle between unions. The fact that the railroads are nationalized did not prevent the engineers from going on strike. Under British law, the unions in most nationalized industries have a legal right to strike after they go through certain mediation machinery set up in the law.

(Continued on page 101)



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. . . Jurisdictional row back of dock stoppage

The Government is not authorized to get injunctions against these strikes, as the U. S. Government can get in case of a national emergency walkout.

Prime Minister Anthony Eden was given various emergency powers to handle the strike, but efforts were made to work out a settlement before taking extreme measures such as using troops to operate trains.

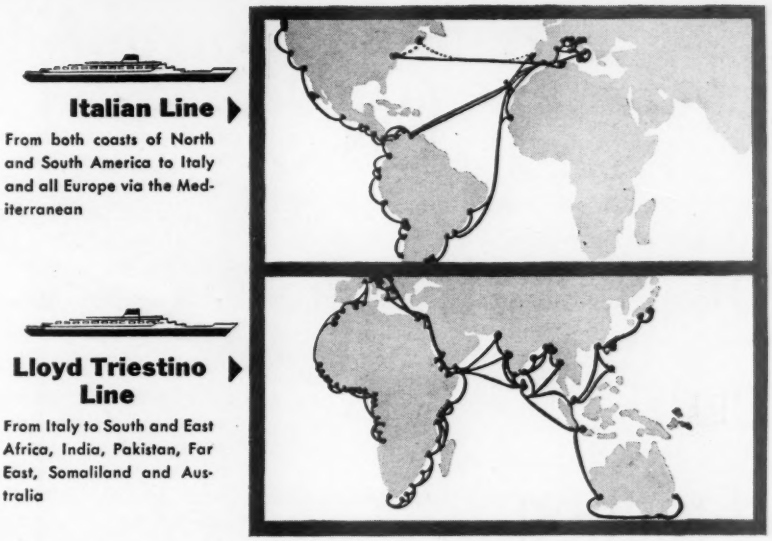
On the docks, two unions. Another strike has troubled Britain—the walkout called May 23 by a union of 18,000 stevedores in a half-dozen ports. This strike, like the one on the railroads, resulted from a jurisdictional quarrel between unions.

—Wide World

STRANDED BRITONS
. . . a rail strike on Whitsunday

The little National Amalgamated Stevedores & Dockers Union, which called the strike, demanded that employers recognize it for bargaining purposes. Employers were willing to do so in advance of the strike, but a rival union, the large Transport & General Workers Union—with 1.3 million members—objected to the recognition. The larger organization has had bargaining rights in the ports, and it did not want to share this power with the competing union.

The Transport & General Workers Union also demanded that the Amalgamated Stevedores "return" 10,000 members who recently transferred from the larger to the smaller organization. The big union accused the Amalgamated of raiding the Transport Union's membership.



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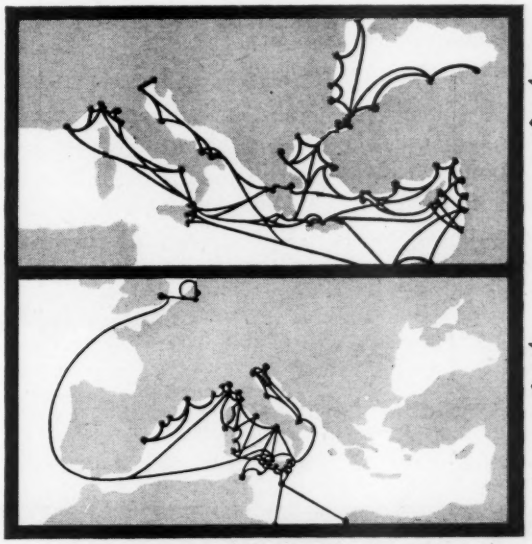

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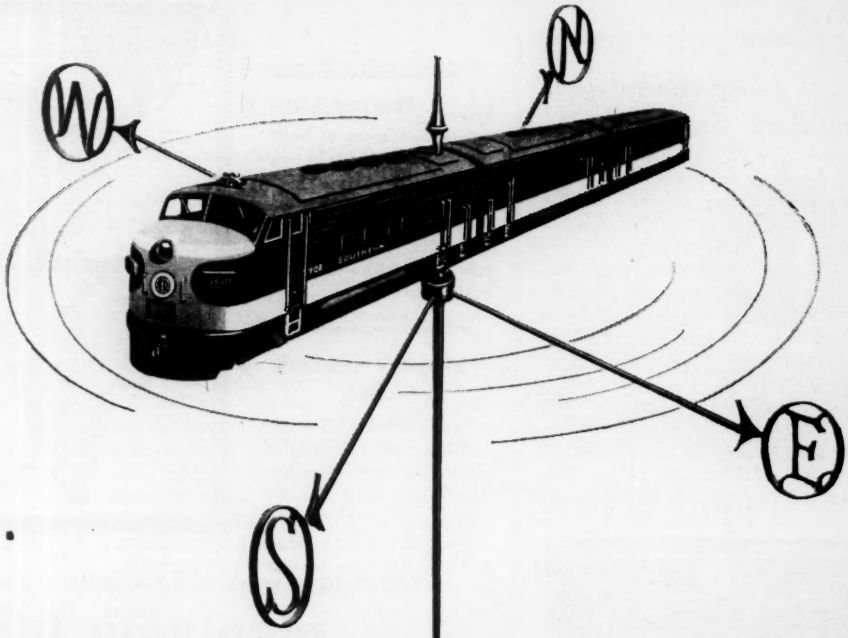

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Retailers are happy with the trend. Their profit margins are usually better on the big-ticket items, on the higher-priced lines. Big-volume "carriage trade" is always good news to the store owners.

You can see what's happening in the department stores.

Main stores are doing better than basements, relative to a year ago.

The big plus signs in sales were in these lines in the first quarter:

Furs and major household appliances, up 32 per cent; fine jewelry and watches, up 25 per cent; silverware and clocks, up 24 per cent; luggage, up 22 per cent; rugs and carpets, up 15 per cent; sporting goods and cameras, up 13 per cent. These are predominantly luxury items.

Scattered, more recent reports indicate burgeoning sales of summer clothing and sportswear, especially in the new mixed fibers and new textile finishes. And Davy Crockett suits and gadgets sell like hot cakes.

Luxury buying extends right into the grocery stores, too.

Frozen foods are having a great sales year. So also are various kinds of foods that can be prepared quickly--convenience foods.

Choice cuts of beef stay about as high-priced as they were a year ago. That's because the demand is so great. Beef prices generally are down.

Better-quality foods of all sorts are getting a big play this year.

Car dealers feel the same kind of "uptrading."

The "lower priced" cars haven't as big a share of the market as they had last year. But, when customers do buy in this field, more of them reach for the highest-priced models in the line. Also, they go for plenty of optional equipment--big bread-and-butter items for the dealers.

You can see trading-up tendencies in the dingdong sales battle between Buick and Plymouth. Despite their considerably higher average costs, Buicks are selling car for car with Plymouths.

Ford Motor Company is to introduce its new Continental this summer. This is a superluxury car with a price tag to match. It will be far more expensive than a Cadillac, which itself continues to be a "hot" sales item this year.

Much of this luxury buying isn't for cash.

"On the cuff" buying of automobiles continues at a dizzy pace.

New auto credit extended in April came to 1.4 billion dollars, about a third larger than the same month a year earlier.

Installment credit, as a whole, rose by a record amount in April to 23.5 billion. Most of the rise was in auto financing.

(over)

Written for the issue of June 10, 1955, Volume XXXVIII—No. 23
U. S. NEWS & WORLD REPORT

In time buying of all types of products, new credit extended in April exceeded repayments for the eighth month in a row. Net rise in installment credit outstanding during the year ended April 30 was nearly 10 per cent.

Big gains in retail sales seem to be concentrated mainly in industrial areas, such as Pittsburgh, Detroit, Atlanta, Birmingham, Wichita, Tacoma.

Factory employment continues to rise. Factory hirings exceeded separations in April, a month when the reverse is usually true. More workers quit than were laid off during the month. Jobs can't be too hard to find in most places.

New claims for unemployment benefits in the week ended May 21 were the lowest in 19 months. The Labor Department's list of chronically depressed areas is five shorter than a month ago.

Emptying schools and colleges will now swell the labor force.

But unemployment is likely to rise less than usual this summer.

College and technical-school graduates find the welcome mat out in industry and many lines of trade. Starting pay is better than last year.

Supplying the boom has been keeping manufacturers hopping.

Manufacturers' sales in April inched up to a new all-time high, after seasonal allowances. Most nondurable-goods industries showed small gains. So did autos and steel in the durable group.

Manufacturers' inventories, meanwhile, stayed at the same level as in February and March. They were more than a billion dollars below the level in April, 1954. Stocks are too low for comfort in many nondurable lines.

Unexpectedly heavy sales to consumers and overcautious buying policies of many retailers are combining to harry manufacturers. The summer season may be a time for rebuilding stocks in many factories.

Automobile production now is to start tapering off in earnest. This is one industry with exceedingly heavy stocks to sell off.

New models, in many instances, will be introduced earlier than usual next autumn. Dealers have to clear decks for them.

It's doubtful if declining auto output will affect steel production very much for several weeks yet. That's because other steel customers are buying ahead against the probability of higher steel wages and prices. This precautionary buying is one reason for the record outturn of steel recently.

The White House now thinks it would be bad politics to ask Congress for standby price-wage controls to be used in case of a sudden emergency.

President Eisenhower threw cold water on the idea last week.

He remembers his campaign promise to sweep away controls.

Actually, Congress will give him such controls any time he asks for them.

Defense Production Act will probably be extended--but without controls.

If you are fretting about getting a berth on a cruise to the Caribbean or on a ship to Europe, keep this fact in mind:

The world's passenger-carrying fleet today, 10 years after the war, is only two thirds as large in tonnage as in 1939. There are lots more tankers and freighters but fewer liners. So says the American Merchant Marine Institute.

1955

Improved assembly-line adhesive makes honeycomb panels stronger, more heat resistant

An improved Armstrong Adhesive—D-253N—makes possible honeycomb panels that are more rigid and more heat resistant than those made with the best thermoplastic adhesives previously available. And these panels can be made with assembly-line speed and economy.

Panels made with D-253N are stronger because this adhesive can hold a dead load twice that of the best conventional thermoplastic cements. And D-253N's greater heat resistance makes it useful at temperatures up to 180°F. These characteristics virtually make D-253N a new type of adhesive, one that's intermediate between thermoplastic and thermosetting cements.

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Hoover Study Tells

HOW TO SAVE MILLIONS IN U.S. AID TO WORLD

What the Hoover Commission recommends, to improve foreign aid:

- **Stop aid to recovered, booming Europe.**
- **Give Asians and Africans more practical aid. They can't eat plans and "projects."**
- **Tighten reins on 24 federal units overseas. They often work against each other.**

The Hoover group's survey of sprawling aid programs makes these other points:

- **Grants-in-aid since World War II already have cost U. S. taxpayers 50 billions.**
- **Aid to some nations probably will go on and on, indefinitely.**
- **Reforms can save 360 millions a year.**

Following are extracts from "Overseas Economic Operations—A Report to the Congress" by the Commission on Organization of the Executive Branch of the Government, released June 6, 1955:

Magnitude of the Problem

The military and economic aid given by the United States to foreign countries since the end of World War II through the fiscal year 1954 totals $46,847,000,000. . . . In addition, the Budget indicates that $4,300,000,000 will be spent in 1955, and $4,700,000,000 is forecast in fiscal year 1956. On this basis, the total for the period from the close of World War II to the end of the fiscal year 1956, would be about $55,800,000,000.

° ° °

There are 34 agencies directly or indirectly engaged in or related to foreign aid in the Federal Government. Apart from American military personnel, a total of 115,250 persons were employed by the United States for work abroad, of whom 30,681 were Americans and 84,569 were of other nationalities. Of this number, some 20,000 American workers and 74,000 citizens of other countries were retained by our Defense establishment. The work of citizens of other countries and payment to them in dollars materially aids the economy of the country in which they are stationed.

° ° °

Reorganization of Foreign Aid

The efforts of the United States since the end of World War II to provide military and economic assistance to the countries of the free world have imposed a heavy financial burden upon the taxpayers of the United States.

The over $50,000,000,000 of expenditures in this field since 1946 have been administered by a number of sequent agencies, the last of which was the Foreign Operations Administration, an independent agency created in 1953 to consolidate and coordinate all such activities.

The Mutual Security Act of 1954 provided:

"503 (c) Unless sooner abolished—the Foreign Operations Administration shall cease to exist at the close of June 30, 1955."

This Commission and our Task Force support this determination as providing an opportunity for an extensive reorganization of this national effort.

This Commission approaches the problem with the primary purpose of strengthening the security of the United States.

a. The United States foreign aid, despite many mistakes and waste, should be continued.

b. There are great problems of economic and humanitarian advancement in many countries in the solution of which the United States should take part.

c. The time has come, due to the increased economic strength of certain nations, when they no longer need extensive support from the United States.

d. There are methods of organization of these efforts which will lessen their cost . . . bring about better coordination of these efforts at home, and eliminate confusion among our representation abroad.

° ° °

The President's Proposals of Reorganization

The President, in a letter to the Secretary of State of April 15, 1955, and in a message to the Congress of April 20, and an Executive Order of May 8, 1955, outlined proposals for reorganization of the Mutual Security program. The major organizational parts from the letter of April 15 were as follows:

"1. A new semi-autonomous organizational unit, to be known as the International Cooperation Administration, will be established in the Department of State . . .

"2. Provision will be made for a Director of the International Cooperation Administration . . .

"3. The Director of the International Cooperation Administration will report directly to the Secretary of State . . .

"4. Except for those matters which, because of their nature, require final decision by the President, the Secretary of State will be responsible for coordinating all mutual security programs . . .

"Two years ago I stated that the Secretary of State, under the President, must be the official responsible for the development and control of foreign policy and all

. . . U. S. should have "a single unified foreign service system"

relations with foreign government, to include policies affecting mutual security. The policy authority then fixed in the Secretary of State is now extended to include supervising authority over operations. The executive order will provide for this.

"It also was stated that related mutual security operations should be brought together in a single organization under a single management. Consistent with this approach we should avoid dispersal of operating responsibilities either within the Department or to agencies outside the Department. . . ."

° ° °

Termination of Certain Activities

The President has stated that, inasmuch as the European countries, originally members of the North Atlantic Treaty Organization, have reached the greatest industrial productivity of their history, no further economic aid be given these countries by the Foreign Operations Administration.

They, however, will continue to secure great economic support through the dollars expended by the Military Assistance programs; off-shore procurement; the support of the North Atlantic Treaty Organization; and the support of our troops in Europe. It will amount to a possible $1,000,000,000 annually.

THE COMMISSION'S FINDINGS AND RECOMMENDATIONS AS TO ORGANIZATION OF THE MUTUAL SECURITY PROGRAM

There are further steps which the Commission believes would be constructive. . . .

° ° °

Various departments and agencies, such as the Foreign Operations Administration, United States Information Agency, and Agriculture, send personnel overseas under personnel systems outside of the regular Foreign Service, assigned to field missions operated independently of the embassies, and headed by high ranking officers not subject to the line authority or direction of the United States Chief of Diplomatic Mission in each country. As a consequence, the United States frequently speaks with numerous, often conflicting voices; its representatives can be played off one against the other by foreign officials, and its manifold policies and programs can be misconstrued.

Remedial measures in the interest of efficiency and economy and to strengthen the position of our Chief of Diplomatic Mission in each country should provide for the assignment of overseas personnel of all United States agencies (except the Military) under a single unified foreign service system, and for the integration of all separate field missions and overseas personnel of these agencies into the regular organizational units of the embassy, subject to the authority and control of the Ambassador or Minister.

Recommendation

a. That the Secretary of State (through the direction of the International Cooperation Administration) maintain strong control of the function of developing policies, objectives and programs for non-military foreign aid. . . .

b. That the Director of the International Cooperation Administration should be responsible for the preparation of the budget and the accountability of all funds for non-military foreign aid programs which should be appropriated to and expended by the Department of State . . .

c. That the different agencies in many cases will be able to discharge their duties from their present staffs but if they should require additional staff, they should be free to obtain it from any quarter.

d. That the overseas non-military personnel of United States agencies be subject to the line authority and direction of the United States Chief of Diplomatic Mission in each country. . . .

Principles Which Should Guide the Administration of Foreign Aid

As indicated earlier, we believe that the Government of the United States must continue its economic assistance among certain free countries of the world in order to secure the maximum military security for ourselves and to take our part in the advance of the living standards of the free world. This does not mean, however, that the taxpayer's money should be spent without regard to receiving full value for the money spent.

There are certain principles which we recommend in the conduct of foreign economic aid which would bring both more effectiveness and a substantial reduction of expenditures.

° ° °

Large Manufacturing Projects

Industrial projects should not be undertaken in countries which do not already have an industrial background. In these countries there is little local capital available for participation and the vast background of transport, marketing, technical and executive skills is lacking. Large industrial projects cannot succeed against this background and in any event cannot affect the standard of living for many years to come. Such projects are not the answer to unemployment. American industrial experience shows that in large manufacturing the capital investment of $100,000,000 or even more is required to provide 10,000 jobs.

In the "Asian-African arc," with the possible exception of Japan, no manufacturing or large industrial development projects should be undertaken and industrial aid should be confined to small industries.

A recent report of the United Nations states as to industrially undeveloped countries:

"There are numerous examples of countries embarking upon ambitious projects on the basis of no more than the general desire to industrialize and with astonishingly inadequate information concerning all the relevant technical, social, and economic data upon which success of the project so greatly depends."

Small Manufacturing Projects

The most valuable contribution to world economic stability can be made by improvement of small manufacturing industries in nonindustrialized countries.

Increased Food Supplies Projects

The fundamental need of many of the countries in the "Asian-African arc" is increased food supplies. Therefore, sound irrigation projects and the introduction of improved

. . . "Point IV needs complete reorganization"

agricultural methods are justification for United States aid programs.

THE METHOD OF FINANCING FOREIGN DEVELOPMENT AND OTHER ASSISTANCE PROJECTS

The financing of foreign development projects by the United States has been in four forms: (a) loans to Governments; (b) loans to private industries; (c) grants or contributions to Governments or private development projects; and (d) grants and loans to international organizations.

The Mutual Security Act of 1954 provided that foreign aid should be extended more largely in the form of loans and that the Export-Import Bank should make and administer such loans upon the direction by the Foreign Operations Administration.

Making loans to countries to support their defense, which they cannot repay, only creates future difficulties and misleads the American taxpayers, as they are not a recoverable asset. Where there is no prospect of repayment, outright grants should be made, and they can be better controlled.

Technical Assistance and Technical Cooperation

The original relative modest concepts of the Point IV programs of technical cooperation have been enormously expanded. Its activities now cover not only imparting American industrial training but also furnishing professors to Universities, bringing large numbers of persons to the United States for industrial and professional training (often short-term visitors), labor relations, agriculture, commerce, trade, public administration, even including aid to so highly developed a nation as The Netherlands in "social psychology" and "human relations practice." This service is not only over-expanded but duplicates possible services in this field by other Departments of the Government. Its organizational concept needs complete reorganization. It is divided into a multitude of projects (probably over 2,000) and is spread over more than 55 countries and overseas territories.

Practically all nations have effective universities and colleges turning out trained technicians. Real technical advancement in backward countries should be built upon their own technicians whose lives will be spent in these countries. In order to do this, technical assistance in all countries should be built by creating (where requested and needed) technical units of native personnel for the development of each field of health, agriculture, and industrial advancement on a nation-wide basis to which the United States should contribute American personnel and financial contributions. These contributions should be in diminishing amounts annually.

The idea that the standard of living in backward countries can be substantially increased by furnishing them consumption goods is mostly illusionary. Some such supplies are necessary to replace local use of consumption goods by military assistance programs and cases of famines. But to try to spread over these huge populations in normal times any amount of consumption goods which the United States has the resources to expend would be so thin as to have no lasting effect.

The President, in his message of April 20, 1955, recommended adequate funds for the technical assistance program of the United Nations and the Organization of American States. The United States should not undertake the same programs which are provided by the United Nations.

* * *

Recommendation

That . . . the administrative principles set out above guide the conduct of foreign economic aid, and in particular:

a. That as all the countries in the original North Atlantic Treaty Organization have the highest degree of technical proficiency, the technical assistance by American personnel in these countries should cease.

b. That as the above original North Atlantic Treaty Organization countries are well able to send technical staffs to the United States at their own expense, the United States should cease to pay for this service.

c. That in the "Asian-African arc," with the possible exception of Japan, no large manufacturing projects be undertaken and no large industrial plants be constructed, except for production of strategic materials; that otherwise all industrial aid be confined to small industries.

d. That special emphasis be placed on agricultural improvement and irrigation projects.

e. That, except under unusual circumstances growing out of strategic considerations, technological cooperation and technical assistance programs be based upon organization of joint units of local and American personnel as set out above.

f. That wherever assistance is necessary and there is no prospect of repayment of a loan, the assistance should be in the form of an outright grant.

g. That economic aid of all types should be limited to such undertakings as we can staff with qualified personnel.

h. That no economic aid should be granted for projects or undertakings where private investment capital is available for such projects.

i. That all economic aid should be contingent upon good faith efforts of the recipient country to improve the investment climate both for domestic and foreign capital of a private nature.

j. That, as recommended in our Surplus Property Report, we emphasize the desirability of using excess and surplus property in connection with our foreign assistance programs.

* * *

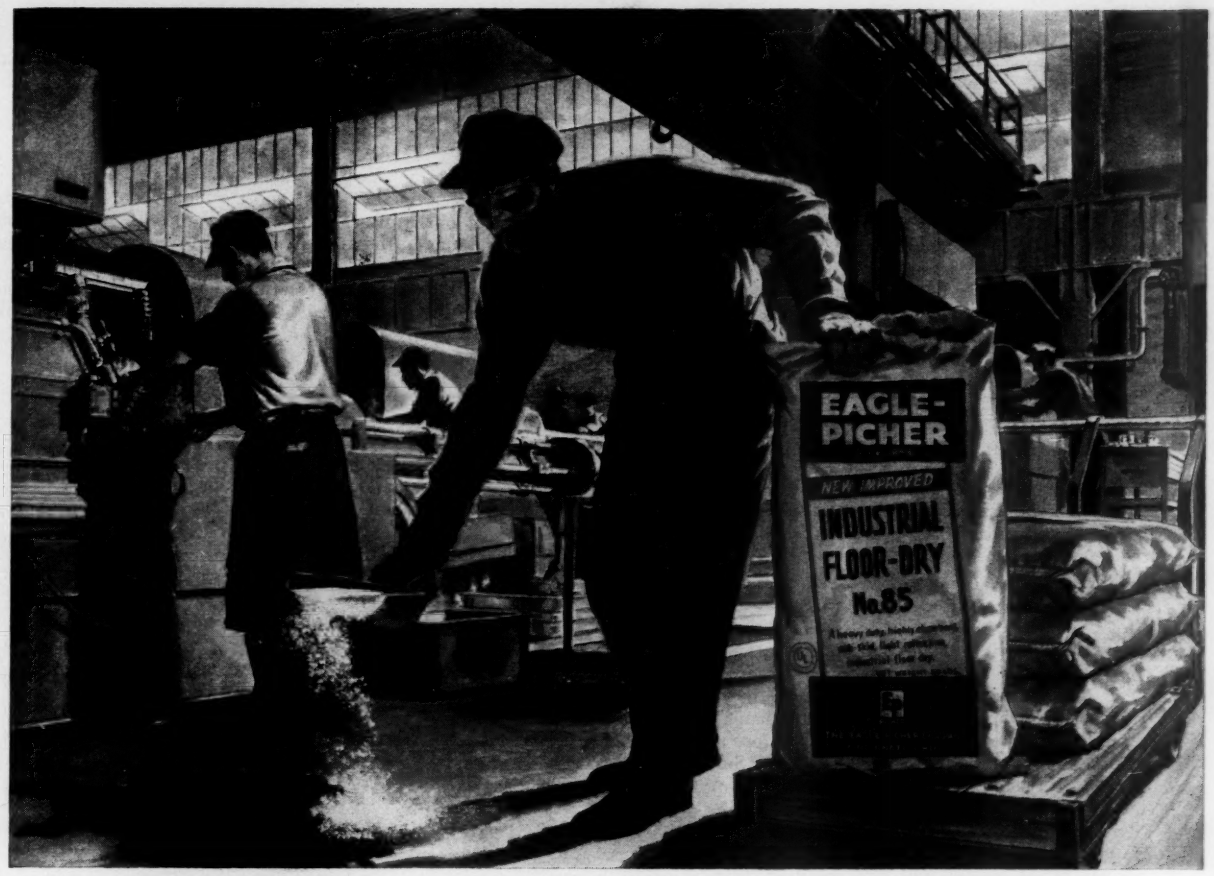
Savings

For a number of years there have been large carry-overs from previous appropriations for various agencies.

The Task Force estimates that there will be on June 30, 1955, an unexpended balance of approximately $7,900,000,000 in this account. In addition, there was available as of December 31, 1954, in foreign currencies the equivalent of $973,000,000 in counterpart funds, some of which will remain as of June 30, 1955. The proposed appropriations available for mutual security for fiscal year 1955 are $3,500,000,000. The total sum available for the fiscal year 1956 would therefore be about $12,300,000,000. Considerable of these sums are committed in contracts for the purchase of arms, for foreign assistance and offshore procurement. Others are committed for industrial projects under construction and to universities for technical assistance, etc.

We suggest that the appropriate Congressional Committees ascertain how much of the unexpended funds are committed by definite contractural obligation as of June 30, 1955, and whether these unexpended appropriations do not permit a substantial reduction of cash appropriations for the fiscal year 1956.

(Continued on page 110)



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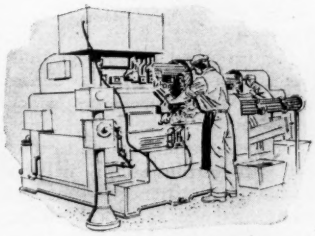

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. . . "In some cases the taxpayers have not received full value"

We believe there can be important savings in administration by the organization and principles of action proposed here and at the same time our foreign aid made more effective. We realize that some of the money spent on this program in the past has been spent unwisely and in some cases the taxpayers have not received full value for their money.

We believe that the recommendations for eliminating the duplication of staffs and overlapping programs contained in the preceding chapters, together with adherence to the basic principles contained in this report which should govern the conduct of our Mutual Security program, will result in substantial savings in the amount of money required to meet our needs in making the Free World strong.

The Task Force estimates that if their recommendations are adopted, a minimum of $360,000,000 per annum could be saved from the Mutual Aid non-military programs without prejudice to the objectives of these programs.

Separate Statements, and a Dissent, by Commission Members

Seven members of the 12-man Hoover Commission issued a separate statement to accompany the Commission's report on foreign aid. Full text of their statement follows:

Since the end of World War II, the United States has spent more than $50,000,000,000 in foreign aid. Moreover there is presently available approximately $8,000,000,000 in unexpended appropriations from previous years. In addition to that, the Congress has been asked for $3,500,000,000 in new money for Fiscal Year 1956—$757,000,000 more than that appropriated for the current year and more than half of which is for direct economic aid. Surely, after almost 10 years, the time has come to apply some brakes to this overseas spending program. We believe, therefore, that the Commission should recommend substantial reductions in expenditures for this purpose. By no other means will the growing trend toward permanent foreign spending be halted.

JOHN L. MCCLELLAN — JOSEPH P. KENNEDY
STYLES BRIDGES — SIDNEY A. MITCHELL
CLARENCE J. BROWN — ROBERT G. STOREY
SOLOMON C. HOLLISTER

Commissioner James A. Farley issued a separate statement of his own. The full text:

I am in basic agreement with the view expressed in the separate statement of Commissioners McClellan, Kennedy, Mitchell, Hollister, Brown, Storey and Bridges that the expenditures for foreign aid should be reduced. However, I disapprove of the blanket provision in section (a) of Recommendation No. 2, which calls for the complete elimination of technical assistance to the original North Atlantic Treaty Organization countries. A situation might very well arise where technical aid would be very helpful and neither the Congress nor the President should be restricted from exercising the power to grant such aid.

We have learned from experience that this type of assistance, which is probably the least costly form of economic aid, has produced the most effective results and has more potential of spreading American prestige abroad than anything else we have done in this field.

JAMES A. FARLEY

Commissioner Chet Holifield dissented from the report on overseas-aid programs. Following are extracts from the text of his dissenting statement:

In the preface to its report on Overseas Economic Operations, the Commission states its concern with finding a "new method of organization" for foreign aid and a program that will increase the economic and military strength of the free world. I do not believe that either objective is furthered by this report.

In the first place, the report does not represent a serious study of organization and management of our foreign aid programs. The multiple agencies and functions concerned with foreign aid are cataloged in the report, but no attempt is made to evaluate their performance or to suggest improved organization.

Secondly, the report intrudes in the area of foreign policy by making restrictive recommendations which could hamper the Executive, antagonize our allies and thwart our objectives.

° ° °

A flat injunction against technical assistance to European countries overlooks the important and diverse problems which must be dealt with in the technical assistance framework, whether they be combating communism in the trade unions, breaking down cartel arrangements and restrictive trade practices, promoting tax reform, improving the climate for private investment or developing the standardization of weapons and spare parts.

Again, an injunction against assistance to large manufacturing enterprises elsewhere, whether they be oil in Indonesia or steel plants in India, might put the United States at an extreme disadvantage in contending with Soviet influence.

There is grudging acknowledgment in the report that foreign aid of some sort should be continued. But the recommendations seem to imply that foreign aid is more the product of simple and perhaps foolish benevolence than of hardheaded concern for our own national security and survival.

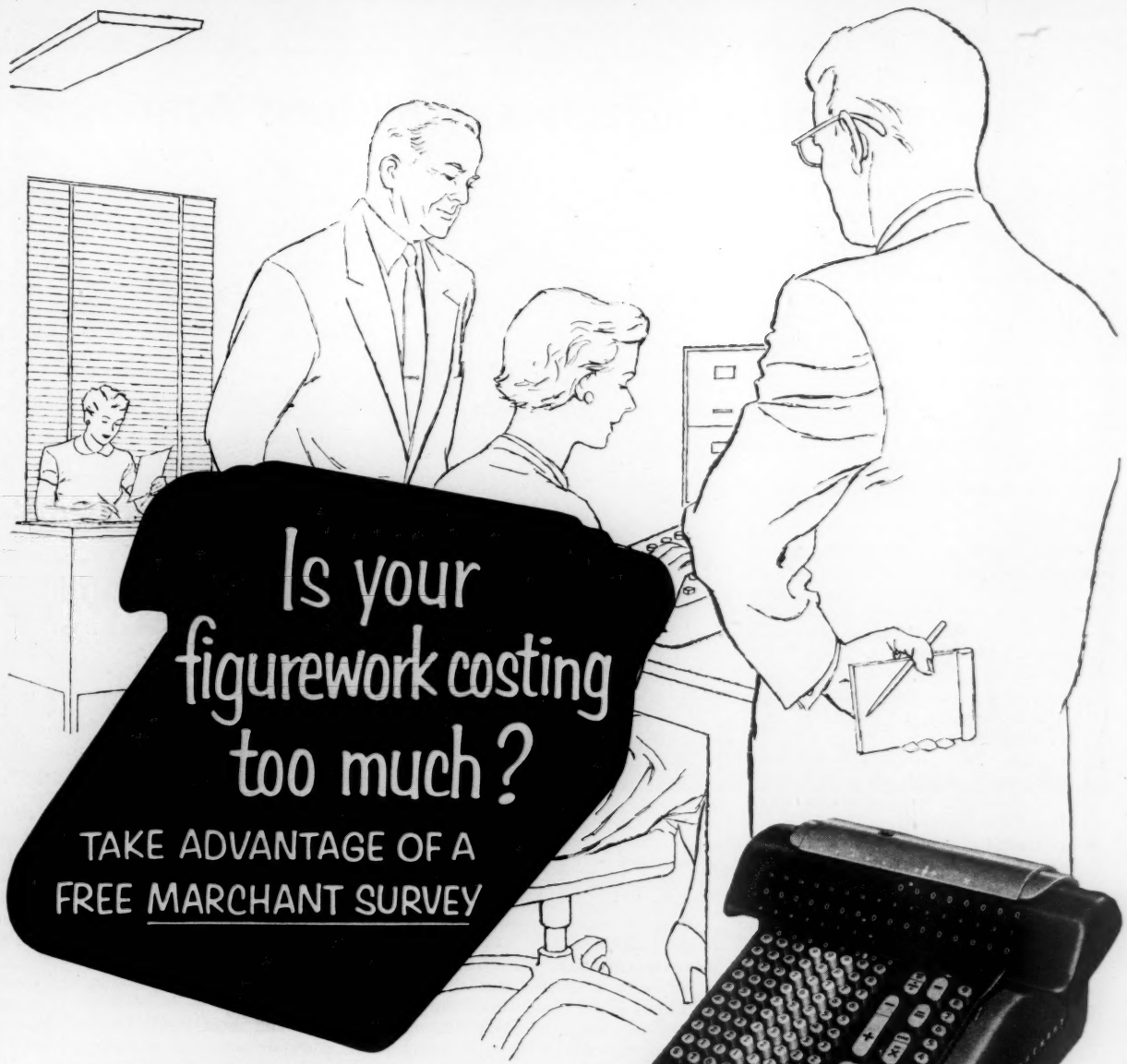
° ° °

Nor can we overlook the President's reminder that "3 out of every 4 dollars appropriated for the entire mutual security program will be immediately spent within the United States for commodities, services, machinery and other items." Food, cotton, coal and other American goods in abundant or surplus supply will be bought with these dollars for use by friendly countries.

The role our nation has assumed in world affairs brings with it problems of staggering complexity and cost. It is not surprising that we have made mistakes. But a decade of urgent effort in defense of freedom cannot be measured only by mistakes. Our progress is substantial, our accomplishments impressive.

° ° °

CHET HOLIFIELD



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PLUS & MINUS
Latest Indicators of Business Activity

Business activity is still strong. A more venturesome spirit is gripping businessmen and investors.

Shippers loaded nearly 15 per cent more railroad freight cars in the week ended May 28 than a year ago. It was the biggest gain for any week this year.

Factory output held at 139 on the indicator, equal to the peak rate before start of the 1953-54 recession. The auto industry is slowly reducing its output, but steel mills report heavy orders still flowing in from virtually all consuming industries.

Household-appliance activity is strong. Manufacturers shipped a third more refrigerators in April than a year ago, nearly a fifth more electric ranges.

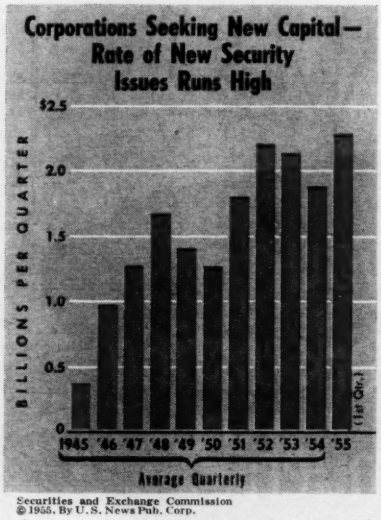
Capital expenditures of business, by all signs, are headed sharply upward. One indication is given by contract awards for nonresidential construction, up nearly a fifth from last year in the first five months of 1955.

Corporate security issues for new capital, shown in the top chart, mounted to 2.2 billions in the first quarter. That exceeded the average quarterly rate of any previous postwar year. In May, new offerings ran substantially above May, 1954.

Risk capital is coming out of hiding, is being sought more eagerly. Established companies are selling more common stock to finance expansion, to provide working capital and pay off debt. New companies—many of them highly speculative—are offering their shares to the public.

Common stock offered for cash sale in the first quarter totaled 760 millions, highest for any quarterly period since 1929. Even if an issue of 330 millions by General Motors Corporation is excluded, the total was still much larger than in the first quarter of 1954. Stock offerings in April and May continued high.

The number of stock issues, as well as their dollar amount, is sharply above



Securities and Exchange Commission
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the rate in recent years. Small manufacturers and commercial banks show sizable gains in number. There has been a large increase in small offerings by uranium mines and oil and gas promotions.

Investment trusts, meanwhile, are finding a lush market for their shares. Trusts of the "open end" type, called mutual funds, received 330 millions from the sale of their shares to the public in the first quarter, a record total. They paid out 140 millions to those of their shareholders who chose to convert their holdings into cash at the current asset value of the shares. That left a net inflow of 190 millions for use by the trusts in buying securities.

Assets of reporting trusts, including those of the "closed end" type, had risen to 7.7 billions on April 1, 1955. The total was only 2.8 billions on January 1, 1950.

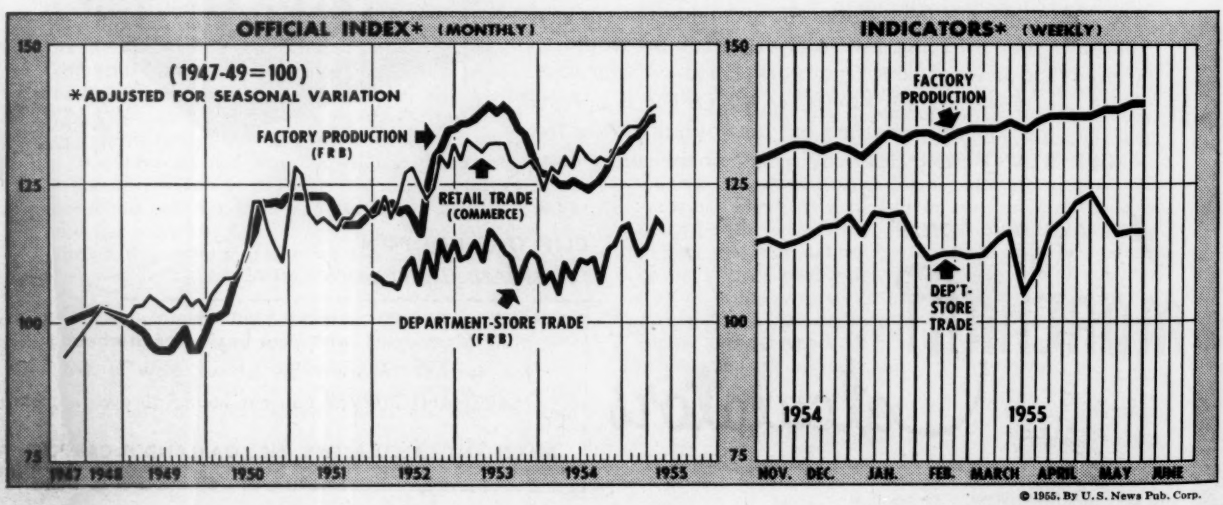
The number of shareholders in investment trusts has risen to more than a million—almost 2 million if one does not allow for ownership in more than one trust by the same person.

The lure of potential profits has created strong demand for shares of trusts specializing in the atomic, electronic and automation fields.

Future stock offerings are likely to grow, both for industrial companies and investment trusts. That is indicated by a rising volume of securities registered at the Securities and Exchange Commission for public offering. Major steel companies recently expressed the hope that their expansion may be financed with new stock issues.

Bonds convertible into stock will be offered this year at a record rate. Scheduled are 10 issues totaling 1.1 billions, including a mammoth one of 650 millions by American Telephone and Telegraph Company and one of 192 millions by Bethlehem Steel Corporation.

Public demand for stocks and convertible bonds will encourage business to spend more freely for new plant and equipment. As in the past, this will be a spur to business activity.



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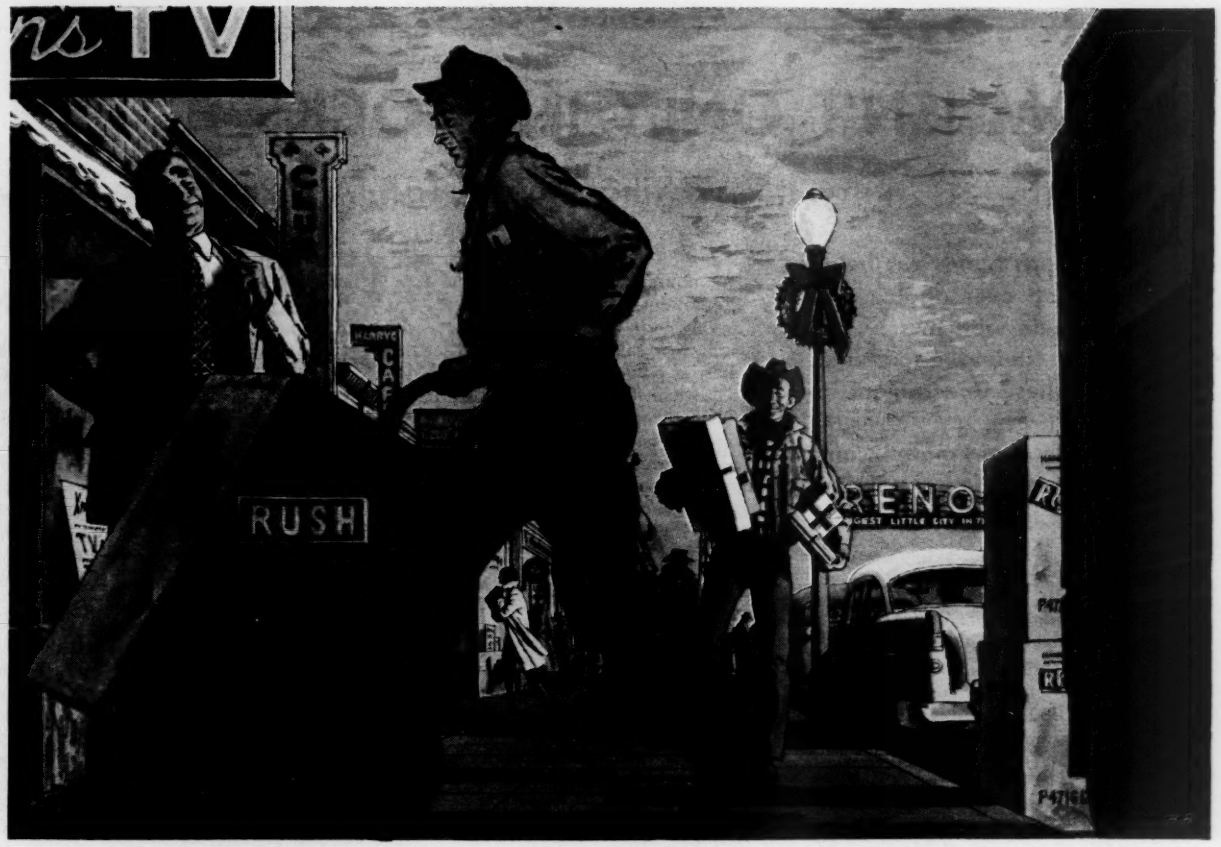


Reno TV Distributor hits Jackpot!

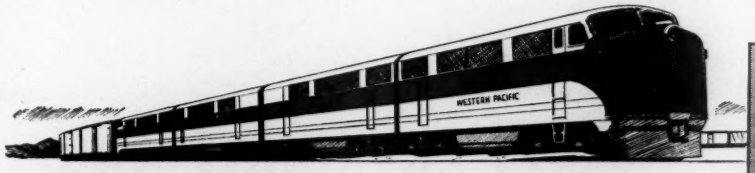
(Thanks to Western Pacific's PERSONAL SERVICE!)

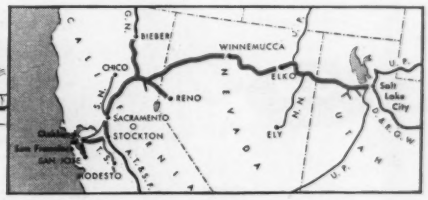
TV dealers in Nevada and eastern California were frantically calling John Dermody, Osborne & Dermody, Reno, begging for more sets to supply the last-minute Christmas rush. A carload was on the way, but would it arrive in time?

Mr. Dermody, a longtime Western Pacific customer, knew where to turn for help. He called Frank Rowe, the WP's General Agent in Reno, who teletyped the dispatcher and learned that the car had just been turned over to Western Pacific and was on its way West as part of a fast freight. It would be delivered at noon the next day. Rowe, however, figured out a way to beat this by four important hours, representing thousands of dollars in Christmas sales of TV sets. He called the Trainmaster and arranged a special stop at Osborne & Dermody's warehouse as the train came into Reno early the next morning, rather than handle the car as part of the normal switching operation.

So impressed was Mr. Dermody by this example of personal service that he included a "credit line" for Western Pacific on his company's TV show that evening!

PERSONAL SERVICE makes the difference!





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ROUTE OF THE VISTA-DOME *California Zephyr*

BOOM ISN'T ONLY IN STOCKS

Savings Bonds, Too, Are Proving Attractive

U. S. savings bonds are being discovered all over again.

Even people with money, big money, are finding advantages offered by these Government securities.

Result: More and more income that doesn't have to be spent immediately is going into savings bonds.

People with money appear to be turning more and more to U. S. savings bonds as an investment.

Sales of savings bonds are up sharply this year. The gains are centering in the $500 and $1,000 denominations. Money invested in those big bonds tends to "stay put." So the total of Series E and H bonds outstanding is at a new high and rising.

What it all means is this:

• People are not rushing to sell their savings bonds and put the money into stocks. A larger volume of savings, instead, is flowing into these bonds.

• Fear of inflation is not dominating most investors. Well-to-do, better-informed individuals are putting a good deal of money into a fixed-income type of investment—savings bonds that are comparable to interest-bearing cash. These individuals reveal a belief that the purchasing power of money will not decline much in the foreseeable future.

• The tax-saving feature of Series E savings bonds is attracting many investors. These are so-called "discount" bonds—they do not pay interest currently in cash but increase in value each six months. Income taxes on the accruing value of an E bond do not need to be paid until the bond is cashed.

Trend of investment in savings bonds is shown in the chart below and in the chart on page 116.

At present, holdings of these bonds total more than 39 billion dollars, a record high. That's for both the Series H bond, which pays current interest in cash, and the Series E bond, which grows in value.

This 39 billion dollars' worth of bonds represents a backlog of cash available to individuals in time of emergency, or for down payments on new homes, for children's education, for retirement or other purposes. It is all in the hands of individuals and many individuals at that. No one person is permitted to put more than $15,000 in E bonds or $20,000 in H bonds in any one year.

You discover, too, that there is a shift to the larger denominations.

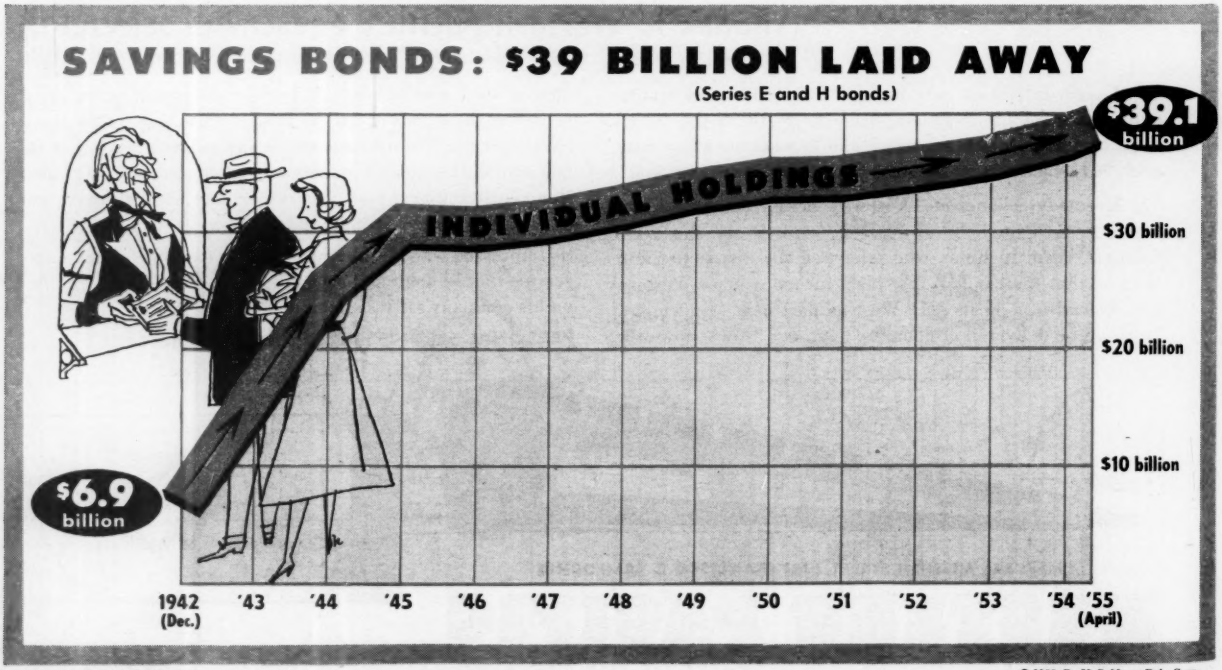
The smallest bonds, the $25s, have had a decline in sales. It's these bonds that are cashed most quickly. Half of all the $25 bonds sold last year will be cashed in by June 30 of this year. So these bonds are being turned in about as fast as they are being sold.

By contrast, the big bonds—in $500 and $1,000 denominations—are held longer. Of the big ones bought last year only 9 to 10 per cent will be sold by mid-1955. It's these bonds that have had the big rise in popularity recently.

These trends are raising questions as to why so many people like savings bonds as an investment. These bonds once were regarded as a wartime expedient. Patriotism was the motive of bond buyers—when war ended, it was believed, savings bonds would be cashed heavily. Things haven't worked out that way.

Saving to spend. Biggest group of savings-bond buyers, officials report, is made up of people who are laying aside funds for future purchases—for homes, cars and other major items.

(Continued on page 116)



Source: Treasury Department

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(Advertisement)

SIR ERIC BOWATER SPEAKING AT THE ANNUAL GENERAL MEETING OF THE BOWATER PAPER CORPORATION LIMITED

"The strength of a free Press depends ultimately upon the paper resources of the printing presses—that is to say, upon a regular and sufficient supply of newsprint"

At the Annual General Meeting of The Bowater Paper Corporation Limited, held on May 25th at Chester, England, the Chairman, Sir Eric V. Bowater, announced a program for considerable expansion in the North American paper industry.

It had been decided to install a new papermaking machine at Bowaters Southern Paper Corporation at Calhoun, Tennessee, as an addition to the two machines which successfully came into operation there in July 1954. The new machine is expected to be in production by September 1956, and it is hoped the mills' output will reach 275,000 tons per year by 1957. In the last six weeks newsprint output from the present machines had risen from a rate of 145,000 tons per year to 160,000, and sulphate pulp output from 60,000 to 65,000 and Sir Eric recalled that the machines had recently broken an all-time world record for newsprint machines by operating at 2,100 feet a minute.

Increasing newsprint demand had induced the Bowater expansion in Tennessee, for the year 1954 again witnessed a slight but steady increase in consumption in the United States and the trend had continued into the current year to a remarkable extent; during the first quarter of 1955 it represented a rise of 7½ per cent compared with the corresponding quarter of the previous year. These increases indicate a continuance of an extremely buoyant newsprint market, which has been a feature of the post-war era. As demand and supply are finely balanced, and might, in the absence of new productive capacity again get out of hand, as it did a few years back, Bowaters are seeking to anticipate requirements by installing this third machine.

The Tennessee developments are being financed entirely in North America, in which connection Morgan Stanley & Co., are again acting for Bowaters. The same group of United States insurance companies who subscribed for the outstanding 4¾ per cent First Mortgage Bonds have indicated their intention to subscribe for a further $15,000,000 in the form of 4¼ per cent Series B Bonds and a group of American bankers, again headed by J. P. Morgan & Co., Incorporated, for $5,000,000 of 3¼ per cent Serial Notes. The balance of the additional finance, $5,000,000, will be subscribed by The Bowater Corporation of North America, the owners of the whole of the equity capital of Bowaters Southern Paper Corporation.

"I am confident" said Sir Eric, "that the production of newsprint of the Tennessee Mills will, by 1957, have achieved a level of 275,000 tons per annum and that the additional output will be readily absorbed by existing customers of the Corporation in the United States. Many have already intimated their intention of increasing their existing contracts, the vast majority of which, as you know, run for long terms of years."

"The paper maker" Sir Eric continued, "has a high obligation in a democracy, for the spoken word is not enough to maintain free discussion in modern times. A free Press is also essential, and the strength of a free Press depends ultimately upon the paper resources of the printing presses—that is to say, upon a regular and sufficient, might I say abundant, supply of newsprint."

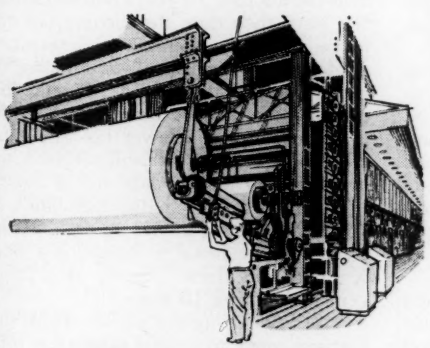
Production at the Corporation's Canadian mills at Corner Brook, Newfoundland, reached the highest level yet recorded. There is to be a further speeding up in operations, the installation of four additional woodpulp grinders, the further development of the high-yield sulphite pulping process and, to cope with this expanded production, a new 6,000-kilowatt steam turbine is being installed.

A new company, The Bowater Power Company, has been formed to take over and operate the Deer Lake hydro-electric power station near Corner Brook, the new power company having acquired the hydro-electric assets from the Corner Brook Company for the sum of $34,000,000, payable partly in cash and the balance in shares of the power company, credited as fully paid. The cash to enable the power company to carry out this arrangement has been raised by means of an issue by that company of $15,500,000 3¾ per cent First Mortgage Bonds and $4,000,000 3½ per cent Serial Notes.

The cash received by the Corner Brook company, Bowater's Newfoundland Pulp and Paper Mills, has been applied by that company in redeeming the whole of its funded indebtedness, and it stands today entirely free of any form of funded debt. The company has no immediate intention of making any further public offering of securities, for the important production developments under contemplation will be financed entirely out of its own resources.

Sir Eric revealed further details of the Corporation's master plan for the English mills and factories near London and Liverpool, including four new paper machines which are to be installed during the next five years, thereby adding 225,000 tons a year to the capacity of Bowaters' English mills. The total cost of all developments to British plants will be around 25 million pounds sterling, most of which the Corporation will provide from its own financial resources.

A final dividend of 15 per cent was recommended on the Ordinary capital of The Bowater Paper Corporation Limited, which, with the interim dividend of 7½ per cent paid last October, totalled 22½ per cent for the 15-month accounting period—equivalent to an annual rate of 18 per cent, compared with 16 per cent for the previous year.



Bowaters' program for the future (which involves in England alone a $75,000,000 development plan) provides for the 50 per cent expansion of the most modern newsprint and pulp mills in the world—Bowaters' Tennessee Mills at Calhoun, Tennessee. In the Fall of 1956 a third giant newsprint machine will come into operation there to boost production of newsprint now running at the rate of 160,000 tons per annum.

The Bowater Organization

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Copies of the complete speech by Sir Eric Bowater, Chairman of the Corporation, are available on application to the Secretary, The Bowater Corporation of North America Ltd., 1980 Sherbrooke Street West, Montreal 25, Quebec.

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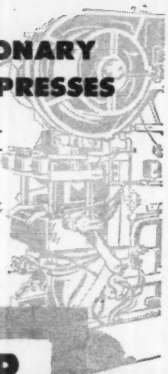

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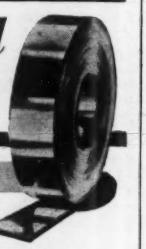

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Individuals in U.S. have bought more than 75 billion dollars' worth of E and H savings bonds since 1941 . . .

For savers such as those, the appeal of savings bonds is in safety, convenience and certainty of return.

Convenient payroll-savings plans, under which money is deducted from pay checks by employers and invested in savings bonds for workers, already include nearly 8.5 million workers. And thousands of self-employed people are permitting their banks to deduct periodic amounts from their accounts for investment in Government bonds.

Savings so invested, workers discover, are safer than if in cash. Bonds destroyed by fire, unlike currency, can be replaced. There's no question but that the Government will pay off. If Government should be unable to meet its debts, no other investments would be worth much either.

Savings bonds, in addition, are being recognized as the only security that is certain to pay off in a known amount at any point in the future. A family planning to save for a home in, say, five years finds that its money put into common stocks might return almost any price—high or low—in five years. Money put into savings bonds will come back in amounts that can be counted on.

Some families, of course, are leery about savings bonds because they must be held for several years in order to get the maximum return. Others, checking this factor, note that there is no commission to pay in buying or selling E bonds. If the bonds must be sold in an emergency, nothing is lost.

The figures themselves show what all this means to people. Since 1941, individuals have bought an astonishing total of well over 75 billion dollars' worth of E and H bonds. Millions of families, as a result, had the cash to put down on homes and other things when the time came.

Building an estate. The feature that may account for the swing to big bonds is the advantages they have for individuals building an estate. At a time when more and more families are investing in order to gain some retirement income in addition to Social Security and company pensions, savings bonds are being discovered all over again.

Series E bonds, for example, do not have to be cashed in even when they mature at the end of 10 years. They can be held for another 10 years before cashing. Not until then does the income tax need to be paid on accumulated interest.

More and more people are noting that bonds bought at, say, age 45 and after can be held tax-free until the individual is retired and in a lower tax bracket. A bond bought for $750 will return a total of $1,346.80 in 19 years and 8 months.

Even then, the individual finds, he need not take his money in cash. He can exchange his Series E bond for a Series K bond and draw interest at 2.76 per cent for another 10 years.

The record, again, shows what these features mean to people saving for retirement. In the past four years, 17.1 billion dollars' worth of E bonds have matured. Yet only 4.8 billion of these have been cashed. Holders of the remaining 12.3 billions' worth are hanging on.

Other individuals, at the same time, are leaning to the view that even the yield from savings bonds is attractive. Over

Are Big Investors Switching To Savings Bonds?

Denomination	Amounts Invested in E and H Bonds in First Quarter — 1954	1955	CHANGE
$25	$273 million	$265 million	DOWN 2.9%
$50	$152 million	$159 million	UP 4.3%
$100	$179 million	$187 million	UP 4.6%
$500	$170 million	$191 million	UP 12.3%
$1,000	$460 million	$523 million	UP 13.6%

Source: Treasury Department

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. . . Most U. S. bond buyers are in upper-income groups

10 to 20 years, these bonds pay 3 per cent a year compounded semiannually. Good-grade corporate bonds, with far more risk, seldom pay much more. Right now, the average yield on top-grade corporates is 3.05 per cent.

All this explains why even upper-income people now are turning to savings bonds for at least a part of their investments. Actually, most people in upper-income groups—and upper tax brackets—like tax-exempt State and local bonds for the bond part of their investments. Yet these individuals are buying U. S. savings bonds, too. In the first three months of 1955, the $500-or-larger savings bonds that appeal to bigger investors were attracting savings at a rate of 3.6 billion dollars a year.

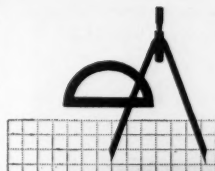
Big buying, in other words, now accounts for well over half of all investment in savings bonds.

These trends, officials note, reveal that savings bonds—far from dropping out of the picture—are becoming more important than ever as a long-term savings medium. Result is a steadily growing investment in these bonds, an investment that is to be available for major purchases, for education and for retirement.

› **Money matters.** Credit, temporarily at least, seems to have eased up a bit around the country. Bank loans to business in the most recent week declined. The U. S. Treasury was able to float its weekly 91-day loans—through bill sales—at an interest rate averaging 1.434 per cent, against a rate of 1.471 per cent the week before and still higher rates in earlier weeks. Bank data, however, show no slackening in consumer or real estate lending.

› **Tax lid.** A long drive to get a constitutional amendment limiting federal income tax rates to a top of something like 25 per cent has another convert. The Oklahoma Legislature has sent a resolution to Congress asking such action. One of the main sponsors of this campaign—the Western Tax Council, Inc.—declares that the Oklahoma move brings to 30 the number of States now on the list. Only 32 are required to force initiation of steps to amend the Constitution.

Opponents of the move, however, dispute the claim of 30 States now favoring. They note that some States have rescinded their resolutions, while others adopted resolutions that only vaguely called for such a limiting amendment. Some legislative resolutions, in addition, were vetoed by governors.



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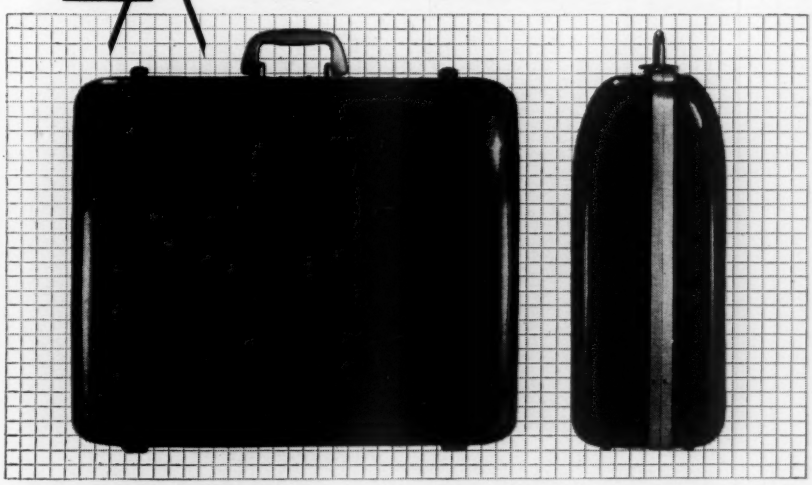

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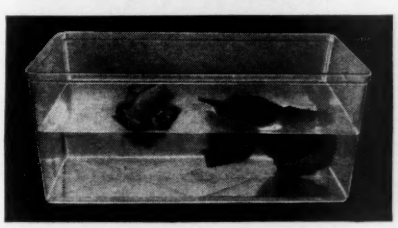

• These two towels were dropped in the water simultaneously. The Mosinee Towel (right) became saturated and sank almost immediately. The ordinary towel remained afloat. This high absorbency means that a *single* Mosinee Towel dries wet hands quickly, thoroughly. And Mosinee cabinets dispense only *one* at a time.

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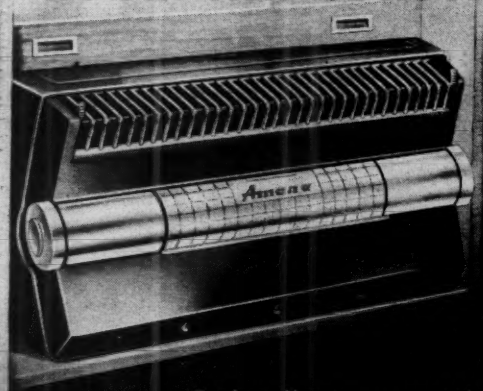

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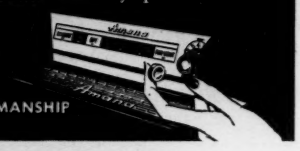

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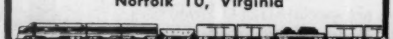

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** probably discharge employes who fail to take affirmative action to disassociate themselves from an ***illegal strike*** called by a union in violation of a no-strike contract. A court of appeals upholds the National Labor Relations Board in its finding that an employer did not violate the Taft-Hartley Act by firing workers who, by remaining silent, did not disavow such a strike.

* * *

☑ **YOU CAN** use a new escalator clause to provide for possible higher prices on standard supplies that you sell to the armed forces under a ***defense contract.*** The Defense Department amends regulations to provide for such new clauses that may permit price increases up to 10 per cent under certain conditions.

* * *

☑ **YOU CAN,** as manager of a foreign subsidiary of an American company, soon make arrangements with a district tax collector for ***Social Security coverage*** for your employes who are U. S. citizens. The Internal Revenue Service issues proposed regulations on procedures for getting this old-age and survivor's insurance.

* * *

☑ **YOU CAN,** as operator of a nonscheduled airline, sometimes make ***transatlantic flights*** without showing that charter service is not available from scheduled airlines. This restriction on nonscheduled lines is eased by the Civil Aeronautics Board on a temporary basis where the transportation is paid for by one person or organization.

* * *

☒ **YOU CANNOT** treat as a ***capital gain*** the amount that you get from sale of a corporation's note that you received from the company for accrued salary and director's fees. The U. S. Tax Court holds that a taxpayer received ordinary income, for tax purposes, in such a transaction, rather than a capital gain.

* * *

☒ **YOU CANNOT,** as a furnace salesman who includes in your sale price a fee for turning furnaces off and on in future years, take an ***income tax de-***

duction in the year of sale for the cost of carrying out such future services. The U. S. Tax Court rules against this tax procedure.

* * *

☒ **YOU CANNOT** safely tell your employes that you will discontinue Saturday work in your plant, with some workers being laid off, if a union succeeds in its organizing campaign. Such a statement, says NLRB, interferes with the ***Taft-Hartley rights*** of employes.

* * *

☒ **YOU CANNOT** legally refuse to give a union information about your employes' hourly wage rates when the information is necessary for ***collective bargaining***. The Labor Board finds that an employer refused to bargain by denying a union this information.

* * *

☒ **YOU CANNOT** count on getting ***tax exemption*** for an association of a company's employes that is organized to operate bus service for the convenience of the association's members. The Internal Revenue Service holds that such an association, which uses fares to finance the operation of its buses, is not entitled to tax exemption as a local association of employes.

* * *

☒ **YOU CANNOT** take an income tax deduction for premiums you pay for ***disability insurance*** that would compensate you for income lost if you lose use of part of your body. The Internal Revenue Service rules that such premiums are not deductible as business expenses and do not constitute medical expenses; instead they are personal expenses. On the other hand, IRS says that payments received by a taxpayer under an insurance policy of this kind may be excluded from gross income for tax purposes.

* * *

☒ **YOU CANNOT** defend yourself against a charge of ***price discrimination*** by claiming that you are following a nation-wide pricing system which you formulated to meet competition generally and not to meet exactly a competitor's prices. The Federal Trade Commission holds that this claim by a company did not constitute a good-faith defense against charges brought under the Robinson-Patman Act.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

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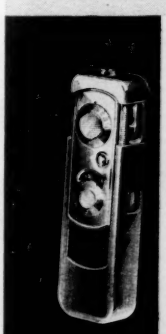

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Don't ask or expect a purchasing agent to consider only *price per case* when choosing a brand of towels for company use.

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People prefer a quality towel—that's an important "plus"

In most homes—chances are in yours, too—Scott is the most popular brand by far. That's why it's natural for people to prefer ScotTissue Towels in company washrooms. It's quality they trust—a soft-to-the-touch paper towel they like.

Your local Scott representative or distributor stands ready to tell you more about ScotTissue Towels—and show you a simple consumption test you can make in your own company. Also, Scott offers a "Planned Poster Program" designed to promote washroom cleanliness. It's yours without cost or obligation. Simply write: Scott Washroom Advisory Service®, Scott Paper Company, Dept. US-7, Chester, Pa.

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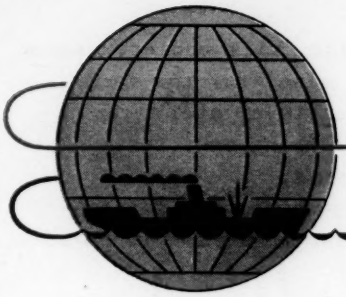

Business Around the World

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>> Washington officials are just catching on to a well-hidden reason for Moscow's eagerness to set up a new tier of neutral countries in Middle Europe.

A telltale clause in the Austrian Peace Treaty has caught attention in Washington. This is Article 29, which prohibits Austrians from making arbitrary discriminations in their foreign trade with any of the United Nations.

It's becoming clear why the Russians insisted on this apparently innocuous article. It's to be used as a way to get around the ban of the U.S. and its Allies against shipment of strategic goods to the Soviet bloc.

Already the Russians are reported shopping in Austria for steel and copper products and types of machinery on the embargo list.

Austria, thus, will be used as a funnel to get things into Russia that the Western Allies don't want going there.

It may be, therefore, that Austria will have to be treated like a Russian satellite as far as strategic goods are concerned.

The same could apply to Yugoslavia if Marshal Tito decides to open up new trade channels with the Kremlin.

>> There's little doubt that Russian industry, just like Russian agriculture, leaves a lot to be desired from an efficiency standpoint.

Shortcomings of the Russian farm program have been getting the headlines recently. But Russian industry has just been criticized, too.

Here's the way the British weekly, "The Economist," describes what happened at an industrial conference held late in May in Moscow:

".....one branch of industry after another came in for criticism: the timber industry--because its productivity per man rose only slightly compared with prewar, while its equipment was quadrupled; the oil industry--for costly and incompetent drilling; the steel industry--for failing to spread new methods which could produce at least 1.5 million tons of [additional] crude steel per annum; the coal industry--for not using its capacity to the full....."

Many peasants have been brought into the Russian factories in the last five years. These people haven't proved too adaptable. Productivity hasn't risen nearly so fast as industrial employment, "The Economist" points out.

But now many of the farmers will be returned to the farms to step up production there in the present critical situation.

Industrial workers then will have to turn out more per capita.

Sounds as if the Kremlin's whip will be on factory and farm workers alike.

>> Farm electrification is getting a boost in Western Germany.....

Big German power company is showing what can be done with rural electrifi-

(over)

cation on a model farm. Equipment includes milking machine, milk cooler, vacuum cleaner for cattle, poultry heater, elevator for fodder; also, for the farmhouse: a water heater, freezer, washing machine, electric stove, etc.

German farmers are showing great interest in these working exhibits.

One big reason: Farm hands have become extremely scarce.

This is indicative of a new trend in Western Europe, where good factory pay is attracting farm hands, domestic servants and similar workers. It's just like what's been happening in the U.S. for years past.

And the answer is the same--more labor-saving machinery and more gadgets to make housework easier. It's part of the "new era" in Europe.

>> Since the British election, there have been a lot of rumors that the Eden Government might move swiftly to make the pound fully convertible into dollars and all other currencies. These are just rumors.

Convertibility isn't imminent. It will be months before Britain tries it. And no other country is likely to try it without Britain.

The pound won't be made convertible unless and until Britain starts earning her own way in foreign transactions. That time hasn't come yet.

The Conservative Government will move toward convertibility as fast as possible. But several things must precede such a move.

For example, a new system will have to replace the European Payments Union. Weaker currencies may have to stay inconvertible, and provision will have to be made for them. Such arrangements will be discussed this month in Paris.

Also, Britain will have to be assured that other countries will not discriminate against her exports. Otherwise, these countries could earn pounds by exporting to Britain, turn the pounds into dollars--and then refuse to import British goods but make purchases from the U.S. or some other country, instead. Such a process could bleed Britain of dollars in no time.

To guard against a run on sterling, Britain must have access to sizable funds in gold or dollars. The sterling area's reserves, now about 2.7 billion dollars, aren't considered adequate for this purpose. Therefore, arrangements will have to be made with the International Monetary Fund and, possibly, the U.S. Government as well, to assure enough solid backing behind a convertible pound. Such arrangements have not yet been made.

Pound convertibility is far from being just around the corner.

>> France is opposed to any "premature" move toward convertibility.

The French franc seems strong at the moment. But French officials are not deluded about its real strength. They are far from ready to risk having the franc join the pound, Deutschemark, guilder and Belgian franc in a convertibility attempt. At the same time, the French would hate to be left out.

French exports are at all-time highs. But trade with the dollar area is still seriously unbalanced. This isn't any real problem for France, as long as U.S. dollar aid stays big. Import quotas and export subsidies also disguise the real trade position of France. Such artificial barriers and supports are necessitated by excessively high costs of French industry.

Still, import quotas are being gradually enlarged. And the Faure Government is taking steps to stimulate productivity through tax concessions. Some observers feel the French are groping slowly in the right direction. But it's really a slow process. The French hate to throw away their crutches.

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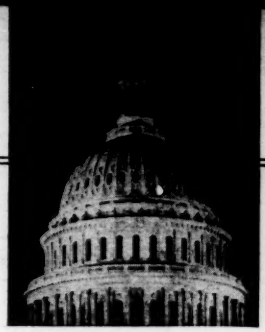

THE STRATEGIC DIVERSION

BY DAVID LAWRENCE

THE TALK IN EUROPE as well as in America is of peace—peace "at the summit," or peace at any level, but peace and a riddance from even the thought of war.

Wishfully the world fixes its eyes on words and ignores the acts of evil men.

Wishfully the world clings to the notion that governments arbitrarily conceived in the image of tyranny and governments established by the will of the people in free elections are entitled to equal status in international conferences.

Though Reality casts its heavy shadows and writes its tragedies across the map of the world, Unreality lulls free men into the fanciful belief that an era of security is about to relieve them of their anxieties.

But all around us is war—military preparation, military maneuver, and military conquest in the guise of so-called armistice and cease-fire agreements.

What do we see throughout the world today as a direct consequence either of Communist-inspired rebellions in the colonial areas of Africa or organized wars in Asia?

Terrorism reigns in Algeria and in French Morocco, where there are air bases important to the Western defense. Both Egypt and Libya are being used by the Communists as a source of supply for the Communist terrorists in neighboring areas held by the French.

France has notified the North Atlantic Treaty Organization that it will be necessary to withdraw a whole division of French troops from the defense of Western Europe to take care of the riots breaking out in the French Cameroons in Africa.

Turning to Asia, we see Communist activity in Afghanistan, Burma, Thailand, Laos and Cambodia.

Indo-China is still seething with Communist plotters, and it is an open secret that at the Geneva conference the way was cleared for the process of disintegration now going on which will permit the Communists to dominate all of Indo-China.

The so-called Republic of Indonesia, which was prematurely granted independence in 1949, is an armed camp today. There is no freedom—only tyranny. No elections have ever been held. Communist colonialism has been substituted for European colonialism.

Riots occur in Singapore, which is British territory, and Malaya—a British colony—is perennially threatened by revolt.

The Communist front line extends half way round the globe to Korea. It takes only a small number of malcontents to keep large military forces bogged down in scattered areas. To disperse the forces of your potential enemy is a favorite strategy.

We euphemistically call all this a "cold war." Yet bloodshed is frequent, and the danger is everywhere present in the undeveloped areas, where peoples not yet ready for independence are stimulated to revolution by the Communists.

We allow ourselves, moreover, to rationalize the problem as merely a matter of economic aid, or we speak vaguely of fighting Communism with "ideas" or of feeding the hungry and removing the conditions which bring on the poverty. What a surrender to illusion, and what a success the Communists are making of their strategy as they cause us to look everywhere but at the source of the trouble—Communist imperialism directed from Moscow and Peiping!

For what we are witnessing in the world today is a strategic diversion. Attention is being diverted from the main battlefields of the "cold war" to imaginary shrines where the honest demands for peace that arise from free peoples everywhere are frustrated by the dishonesty and crafty intrigues of dictators. They employ the word "peace" only as a ruse to gain their ends.

Wishful thinking does not banish tension. Billions of dollars are still being spent for armament because the Communists cannot be trusted to keep agreements.

A new phase of the diversionary strategy has just been unfolded. It is called "neutralization." First, it detaches Austria from the West. Then it seeks to isolate or immobilize Yugoslavia and Germany and projects a "neutral belt" across Eastern Europe from Scandinavia to the Mediterranean. All these moves are calculated to force the withdrawal of American troops back to the United States and to bring about the eventual collapse of NATO.

Peace must be our objective, and war must never be waged except in defense against attack. But let us not be diverted from the main issue. No pledge of good faith on disarmament or anything else given by autocracy and dictatorship is worth the paper on which it is written.

Our principal strategy, therefore, must be to concentrate on the peoples who temporarily tolerate the dictatorships. We cannot accept the word of dictatorship governments which menace the peace of the world. The sooner we resolutely tell this to the enslaved peoples, the quicker will they establish free governments. Let us not be deceived by the diversion which is Communist strategy today.

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